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Sir Geoffrey Howe, the British foreign secretary, left, with Helen Suzman and Colin W. Egan, opposition politicians, in Johannesburg. Both politicians were pessimistic about Sir Geoffrey's chances for success in bringing together blacks and whites for talks. Page 2.

U.S. Hasn't Ruled Out Action To Push Pretoria, Reagan Says

WASHINGTON — President Ronald Reagan, reacting to widespread criticism of his refusal to endorse punitive sanctions against South Africa, appeared to retreat Thursday by saying, "We haven't used any doors."

Mr. Reagan, on a congressional campaign trip to Columbia, South Carolina, did not elaborate. But his spokesman, Larry Speakes, said the administration might take steps to ensure, rather than punish, South Africa if the Pretoria government fused to move away from apartheid. The president, asked if he might consider new sanctions in concert with allies, said, "We haven't used any doors."

Mr. Speakes said Mr. Reagan did always stress that he was opposed to "punitive, economic measures."

There are other sanctions that are not punitive economic sanctions, Mr. Speakes said. "Such steps might include denial of landing rights in the United States for South African planes," he said, adding, "I don't know things like that."

Mr. Reagan's remarks appeared to back up an earlier comment by secretary of State George P. Shultz, who on Wednesday introduced the possibility for the first time of joint American-European sanctions in September.

In an appearance before the Senate Foreign Relations Committee, Mr. Shultz reiterated the administration's opposition to punitive sanctions, but said, "If any measures of this sort are to be really effective, they must be done on a coordinated basis."

UN Leader Has Heart Operation

UNITED NATIONS, New York — Secretary-General Javier Pérez de Cuéllar underwent successful surgery Thursday for a quadruple coronary bypass and should be able to return to work within a few weeks, a United Nations spokesman announced.



Javier Pérez de Cuéllar probably the Soviet Union were eager to have him continue rather than face the difficult task of choosing a successor, but China's attitude was uncertain.

These five permanent members of the Security Council have the power of veto in the choice of the secretary-general.

Mr. Pérez de Cuéllar became secretary-general in January 1982, reaching the pinnacle of a career that began more than 40 years earlier as a student-clerk at the Peruvian Foreign Ministry. In the interim, he served Peru as ambassador to Venezuela, the Soviet Union, Poland, Switzerland and the United Nations.

Hassan, Peres Differ on Talks

U.S. Praises Effort, Urges More Contacts

WASHINGTON — The United States on Thursday praised this week's talks between Prime Minister Shimon Peres of Israel and King Hassan II of Morocco and voiced the hope that Arab-Israeli contacts would become more routine.



King Hassan II, left, with Prime Minister Shimon Peres during their talks in Morocco.

The State Department spokesman, Bernard Kalb, said the United States had long called for direct Arab-Israeli talks.

Washington is convinced, he said, that disputes can only be resolved through direct talks.

Hassan said he canceled a scheduled visit to Washington last week, publicly citing advice from doctors that he rest but actually because he did not want to allow critics to charge that "he had received orders from there" to meet Mr. Peres so soon afterward.

Describing the meetings between the two leaders as a "significant historical event," Mr. Savir said the mere fact that a joint communiqué was issued by the two countries, which technically are in a state of war, "exceeded our expectations," even though, in his own words, the document was "large and vague on both sides."

Chiang's Agenda for Taiwan: A New Political Course

TAIPEI — After governing for eight years, President Chiang Ching-kuo is introducing a series of changes intended to launch Taiwan on a new political course.

Mr. Chiang's principal goals are to ensure a stable political succession and to gain greater public acceptance for the Kuomintang, which established itself in Taiwan after fleeing the mainland prior to the Communist takeover in 1949.



Chiang Ching-kuo

Mr. Chiang is also responding to dramatically increased demands for democratic change among the island's 19 million residents, the majority of whom are native-born and politically disenchanted Taiwanese.

Mr. Chiang is diabetic and suffers from poor eyesight. He has worn a heart pacemaker since undergoing surgery earlier this year.

Most of us were stunned by the speed of these actions, a Kuomintang official said Thursday. "It's hardly possible now to say what steps he'll take in the future."

political power in Taiwan, concentrated in the Kuomintang, the military and the security apparatus, will devolve from these institutions.

The party appears similarly divided on the question of martial law. New national security legislation is now widely expected to accompany any decision to lift it.

Bomb Kills 31 on Bus In Sri Lanka

COLOMBO, Sri Lanka — A bomb blew apart a bus in northern Sri Lanka on Thursday, killing 31 persons and injuring 33, security forces reported.

U.S. May Offer Soviet a Space Arms Delay

WASHINGTON — President Ronald Reagan is prepared to delay deployment of space-based missile defenses for five to seven years if the Soviet Union would agree to expanded interim testing of the systems, U.S. officials have said.

Research on new systems could be conducted throughout this period, according to the U.S. view, and deployment could begin in the last two years by mutual agreement.

Officials expressed hope that the offer, when delivered by the end of the month, would provide a way of ending an impasse and open the door for a Reagan-Gorbachev meeting later this year.

Mr. Reagan's intent, the officials asserted, was to ally Soviet concern that the United States might deploy advanced defense systems well before the Soviet Union could do so.

Officials said that the idea of reductions in small stages was another way of dealing with the Russians' concerns.

U.S. Tax Bills Target Foreign Investors, Companies

WASHINGTON — Foreign companies and investors with operations in the United States have a big stake in the U.S. tax reform bill now being negotiated in Congress.

U.S. Tax Bills Target Foreign Investors, Companies

WASHINGTON — Foreign companies and investors with operations in the United States have a big stake in the U.S. tax reform bill now being negotiated in Congress.

The foreign-tax provisions in both bills are the subject of heavy corporate lobbying and bargaining.

The differences between the House of Representatives and Senate measures include such basic questions as how U.S. companies will be allowed to report income for tax purposes, and provisions that would affect their ability to avoid double taxation on income earned abroad.

Both chambers rejected the Reagan administration's proposal to end the current practice of allowing companies to combine the taxes they pay in all other countries to arrive at the amount of their foreign-tax credit they can use to offset their U.S. taxes.

A Wary Pakistan Is Said to Limit Missile Flow to Afghan Rebels

By James Rupert
Washington Post Service

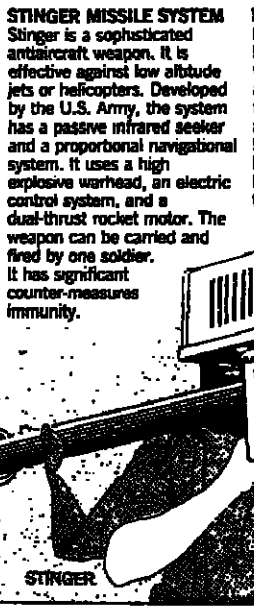
PESHAWAR, Pakistan — Pakistan appears to have suspended the program to transfer U.S.-supplied Stinger anti-aircraft missiles to Afghan rebels and is limiting the deployment of the British-built Blowpipe, a similar weapon that the United States is reported to be supplying, according to sources in Pakistan and in Afghanistan.

Pakistan, in a role that it assumed secretly several years ago but that has since become generally known, is the main pipeline for funneling weapons to the Afghan resistance fighters battling Soviet and Afghan government forces.

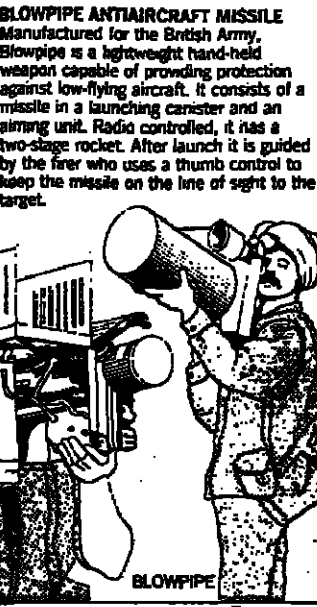
Sources here and in Islamabad, the Pakistani capital, say that the new limitations on the missiles are primarily due to Pakistan's own security concerns, including worries over possible Soviet retaliation. It is not clear, the sources said, whether the suspension of the Stinger deliveries is temporary or permanent.

Aside from security concerns, there are also indications of technical problems with the Stingers. Several sources interviewed recently in Peshawar and in Afghanistan spoke of Stingers having been deployed in defense of Afghan guerrilla bases in Afghanistan, at Jawar in April and at Jaji in May. The sources said the missiles had repeatedly misfired.

MISSILES FOR AFGHAN REBELS



STINGER MISSILE SYSTEM



BLOWPIPE ANTI-AIRCRAFT MISSILE

A knowledgeable Western observer suggested that rough handling and continuous exposure to hot sun might have damaged the electronic heat-seeking system of the Stingers. The mujahidin — as the rebels fighting the Soviet-backed Afghan government are called — who re-

plied weapons to the mujahidin.

The Stinger project "was aborted at some stage of the implementation," he said, because "inducing U.S. equipment means escalation."

"Our people," he said, referring to the government and the military, "are not ready for it."

"If the Soviets decide on a confrontation with us at some stage," the analyst added, "We're not sure what the United States will be ready or able to do" to guarantee Pakistan's security.

Accounts of the deployment of these modern weapons underline the pressure that Pakistan faces as a vulnerable front-line nation in what is partly a superpower confrontation in Afghanistan.

The Reagan administration is pressing Pakistan to allow stepped-up support for the Afghan resistance, but Pakistani officials appear fearful of cooperating, largely because they continue to doubt the United States' commitment and ability to help defend Pakistan in case of a serious threat from the Soviet Union.

In a major shift in U.S. policy, the Reagan administration decided in March to send the sophisticated shoulder-held Stingers to Afghan and Angolan rebels, informed sources said at the time.

ate and elsewhere, overcome opposition by State Department officials and some officials in the CIA.

Opponents of the policy shift argued that introducing U.S.-made arms into Third World conflicts would escalate those struggles into U.S.-Soviet confrontations. They said there were no guarantees that such advanced weaponry would not fall into terrorist hands.

But in the interagency deliberations that led to the policy change, those concerns were overcome by the argument that anti-Communist forces in Afghanistan were in dire need of anti-aircraft missiles to defend themselves against Soviet helicopter gunships and jets.

Although the Blowpipe is British-made, there is no evidence of a direct British role in the transfer of the weapon or its use in Afghanistan. All suggestions from Afghan and Pakistani sources are that the Blowpipe is being supplied by the U.S.-sponsored arms pipeline.

Western diplomats in Islamabad suggested that the United States purchased the Blowpipes directly from Britain.

The Stinger is billed as highly effective and portable. Its advanced heat-seeking technology allows its operator to fire at an oncoming aircraft from more than five miles (eight kilometers) away.

Stinger, it needs no outside energy source.

In interviews over recent weeks, Afghan rebel sources and Pakistani analysts have said that Stingers and Blowpipes were fired at Soviet aircraft supporting Afghan government offensives in eastern Pakia province in April and May.

While several accounts positively identified some of the missiles as fired in defense of guerrilla bases at Jawar in April and Jaji in May, had proved to be largely ineffective.

Pakistani and Western military analysts suggested that experienced operators were the major problem, although several sources said some missiles experienced technical problems.

Unconfirmed reports from Afghan sources in Peshawar said the Pakistani military, anxious to prevent the fall of the mujahidin bases just on the Afghan side of the border, had sent officers into Afghan territory to fire the missiles.

Although Pakistan denies any role in aiding the mujahidin, a Western diplomat in Islamabad said that Pakistani officers "are known to go inside" Afghanistan.

Kaunda Grets Howe With Rebuke, Alleges a British-U.S. 'Conspiracy'

Reuters

LUSAKA, Zambia — Instead of greeting him cordially, President Kenneth Kaunda of Zambia received Sir Geoffrey Howe, the British foreign secretary, with a public rebuke Thursday night.

"You and President Reagan are kissing apartheid," the Zambian leader told Sir Geoffrey, who is visiting Africa on behalf of the European Community in an effort to find a peaceful way of dismantling apartheid in South Africa. "I see some kind of conspiracy between the Thatcher administration and the Reagan administration." He was referring to the British government of Prime Minister Margaret Thatcher.

Mr. Kaunda said he was receiving Sir Geoffrey only because of his love and respect for Queen Elizabeth and because the British foreign secretary was representing the European Community.

"Sir Geoffrey, you people will not be forgiven by history," Mr. Kaunda said. "I will tell you that because this thing is about to explode."

Sir Geoffrey, visibly startled, defended his mission, saying, "There is no foundation whatsoever, for your suggestion that there is a conspiracy of the kind you suggest."

Sir Geoffrey said his purpose and that of the European Community and of President Ronald Reagan was to secure the end of apartheid as soon as possible.

The exchanges took place in an open forum in front of television cameras.

New Call for Sanctions

A prominent black South African businessman, Sam Molsuene, surprised Sir Geoffrey earlier Thursday by unexpectedly declaring his support for international sanctions against South Africa, Agence France-Press reported from Pretoria.

Sir Geoffrey also met with leading white businessmen and opposition politicians in Johannesburg before leaving for Zambia.

Mr. Molsuene, who is chairman of the National African Federated Chamber of Commerce and has in the past opposed sanctions, said he told Sir Geoffrey that he now favored their immediate implementation.

Dismissing the arguments of Western countries such as the United States and Britain, he said: "The argument that black workers would suffer most from sanctions is not valid. Black township businesses are already under severe pressure because of the deteriorating political situation."

Mr. Molsuene said he was speaking for many black businessmen and added that his meeting with Sir Geoffrey would damage his reputation in the black community.

"I don't like being seen bolstering the regime," he said.

Sir Geoffrey met Wednesday with President Pieter W. Botha and Foreign Minister R.F. Rooyen, but few details of their talks have become known.

Leading black activists have so far snubbed Sir Geoffrey's attempts to arrange meetings with them, as have leaders of the out-

lawed African National Congress, based in Zambia.

Sir Geoffrey's mission is aimed at promoting negotiations between the white minority government and representatives of the black majority to stave off economic sanctions that are being demanded by some EC members.

After talking with Mr. Molsuene, Sir Geoffrey met about a dozen white business leaders and members of the liberal opposition Progressive Federal Party, the main white anti-apartheid party.

Among the businessmen he met was Harry F. Oppenheimer, former chairman of the Anglo-American Corp. Mr. Oppenheimer praised the concept of the EC mission but expressed doubts about the chances of Sir Geoffrey making much headway with South African authorities.

The leader of the Progressive Federal Party, Colin W. Egan, and the veteran opposition politician Helen Suzman spent about 90 minutes with Sir Geoffrey and afterward also appeared pessimistic about his mission.

Mr. Egan said that if Sir Geoffrey "could in some miraculous way make some contribution to getting negotiations going, good luck to him."

But he added, "We cannot be full of hope in a situation that has been bogged down for such a long time."

Mr. Suzman said that between racialist whites on the right and blacks on the left who expected revolution, "a large middle ground" existed of all races and that this should be taken into account.



Secretary of State George P. Shultz, left, and Chester A. Crocker, assistant secretary of state, displayed a map of southern Africa during testimony before a Senate committee.

REAGAN: U.S. Hasn't Ruled Out Action on S. Africa

(Continued from Page 1)

Senator Joseph R. Biden Jr., Democrat of Delaware, who alternately mocked and assailed Mr. Shultz's call for negotiations in South Africa in a voice that rose with anger.

"Hell, they've tried compromise for 20 years!" Mr. Biden shouted, referring to South African blacks, as Mr. Shultz sat at the witness table facing him. "They've tried everything in their power. They've begged, they've crawled. They are being crushed."

"You are totally misconstruing the testimony I gave," Mr. Shultz responded. "Furthermore, senator, I hate to hear a senator of the United States calling for violence."

"I'm not calling for violence," Mr. Biden said. "That's exactly what you're doing!" Mr. Shultz replied.

Senator Edward M. Kennedy, Democrat of Massachusetts, who is not a member of the committee, asked to speak to Mr. Shultz and said that Mr. Reagan "doesn't speak for the United States on this issue."

But although most senators echoed the view of the committee's Republican chairman, Senator Richard G. Lugar of Indiana, that "something more is required" than diplomatic persuasion, there was no clear consensus after the hearing on what sanctions should be imposed on South Africa.

The House has approved a bill that would have the effect of imposing a trade embargo on South Africa, but there is little apparent support for such a sweeping measure in the Senate.

Rather, it is more likely that more limited measures would be approved, such as banning flights by South African Airways to the United States and a ban on new investment in South Africa.

Mr. Shultz went beyond Mr. Reagan's comments by saying that the situation in South Africa was "evolving."

Urging the senators not to put the administration in "a straitjacket of rigid legislation," the secretary of state said, for the first time: "We are prepared to take action, with our allies, to change the mix of our pressures — positive and negative — to meet the rapidly changing course of events in South Africa and to play an essential supporting role in advancing South Africa toward the objective of a decent, democratic, prosperous and civilized society for all who live there."

TAIWAN: Rumblings of Political Changes and Risks

(Continued from Page 1)

sition movement held its largest demonstrations since riots broke out in the southern city of Kaohsiung seven years ago.

Mr. Chiang has long advocated the gradual "Taiwanization" of the party and government. But few Taiwanese officials have achieved positions of influence in either institution.

"Time is not on Chiang's side," a party official said. "If he doesn't find a satisfactory formula for

sharing political power, it could be very dangerous for Taiwan."

Stability has long been of paramount concern in Taiwan, reflecting the near-universal belief that China would be quick to exploit a serious political confrontation.

Mr. Chiang first signaled the liberalization drive at a party meeting in March, during which he confirmed Vice President Lee Teng-hui, 62, as his presidential successor.

Mr. Lee is to be the island's first Taiwanese head of state. But control of the party is apparently to be left to a collective leadership.

In effect, Mr. Chiang's policies are part of a larger effort to consolidate this succession formula.

Last month the president named his half-brother, Chiang Wei-kuo, 69, head of the National Security Council. The president also appointed Taiwan's first civilian defense minister since he held the

post himself in the late 1960s. Both appointments are interpreted as an effort to isolate the military from the succession process.

But many party members view Mr. Lee, who was trained as a scholar, as lacking sufficient political influence to advance beyond a figurehead role.

"Once Chiang passes, the situation can't be predicted," a party official said. "A new leader will need the support of the military, and I don't think Lee will have it."

O'Hare Traffic Control Is Under Investigation

New York Times Service
WASHINGTON — The National Transportation Safety Board has begun an investigation of the air traffic control system at O'Hare International Airport in Chicago because of an unusually large number of controller errors there, according to safety board officials.

The officials said Wednesday that there had been 14 incidents this year in which planes under O'Hare control flew too close to each other. They said the number of such errors at O'Hare, the world's busiest airport, was considered unusually large. Comparable figures for other years were not immediately available.

HASSAN: U.S. Praises Talks

(Continued from Page 1)

he had repeatedly gone on record as seeking a meeting with Mr. Peres without intermediaries and on the condition the talks would deal with concrete problems of the Middle East conflict.

The meeting's timing was dictated, he said, by Arab squabbling and because Mr. Peres is to relinquish power in October to his "democratic and righteous" Likud coalition partner, Foreign Minister Yitzhak Shamir, who is widely considered to be more hard-line than Mr. Peres.

Hassan also said he decided to meet Mr. Peres after the Israeli leader agreed to limit the agenda to a plan adopted by the Arab League at a meeting in Fez, Morocco, in 1982. That plan implicitly recognizes Israel's right to exist while demanding self-determination and an independent state for the Palestinians — demands Israeli governments have consistently opposed.

The Fez plan also calls for the return by Israel of the Arab territories it seized in the 1967 war.

PERES: Israelis Vow to Continue

(Continued from Page 1)

policy, and, surely, I have operated within the framework of the accepted policy of the present state."

Mr. Peres has frequently said that no government in Israel, much less a fragile coalition like the current government, could survive if it dared to propose an Israeli withdrawal from the occupied West Bank and Gaza Strip and East Jerusalem.

While proposing open-ended direct negotiations, Mr. Peres said: "I wouldn't be surprised if the Arabs propose their position, which is obviously different from our own. It is because we don't have an agreement that we have to look for an agreement."

Sources close to the talks said that Hassan, the current chairman of the Arab League, stressed that the Fez plan represented the widest available Arab consensus in the absence of other peace proposals. The king was also said to have stressed the importance of the 1974 Arab League resolution, which officially recognized the PLO as the sole legitimate representative of the Palestinian people.

PERES: Israelis Vow to Continue

Israel has steadfastly maintained that it will not negotiate with the PLO as an organization because of its adherence to an armed struggle against the Jewish state.

The joint communiqué issued in both Rabat and Jerusalem said that Hassan had presented details of the Fez plan, "explaining his views concerning the merits of each of its elements and suggesting that this plan has the double merit of, on the one hand, constituting the sole document which is objectively valid as to serve as a basis for a just and durable peace and, on the other hand, being the object of an Arab consensus, in contrast with any other plan or peace proposal."

The communiqué added: "In his turn, Mr. Shimon Peres clarified his observations on the Fez plan, putting forth propositions pertaining to conditions he deems necessary for the installation of peace. As the meeting was of a purely exploratory nature, aiming at no moment at engaging in negotiations, His Majesty Hassan II will inform the Arab leaders, and Prime Minister Peres his government, of the points of view developed during the talks."

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TAX: U.S. Changes to Affect Foreign Investors, Firms

(Continued from Page 1)

they can maximize their use of the foreign-tax credit.

The House bill, however, would require that income be attributed to the place of incorporation. That requirement would effectively place most of a U.S. company's earnings in the United States, meaning higher taxes in most cases.

Similarly, the two bills differ on how companies would be allowed to allocate expense deductions. Multinational companies try to al-

locate to their operations in the United States, so that domestic income, which is not subject to the foreign-tax credit, gets reduced.

The House bill allocates certain expenses by a formula related to a company's assets, thus locating some of the deductions overseas.

The Senate, taking a kinder approach, considers the location of the assets of subsidiaries, but not parent companies, in its formula.

Just as significant as the proposed changes in taxation of U.S. corporations, experts say, are the Senate's proposals to tax foreign interests that have investments in the United States.

The Senate bill, for instance, would for the first time tax on foreign governments that invest in U.S. corporations.

The Senate bill also would reduce current interest-expense deductions and impose a 30-percent withholding tax on profits repatriated home by the U.S. branches of foreign companies. This provision, which would affect foreign banks in particular, is an attempt to put non-U.S. companies doing business in the United States on an equal tax basis with domestic companies.

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WORLD BRIEFS

Coup Is Foiled in Equatorial Guinea

MADRID (Reuters) — The government of Equatorial Guinea foiled a coup attempt last weekend against President Teodoro Obiang Nguema Mbasogo, Spanish diplomatic sources said Thursday.

They said the bloodless abortive coup was led by a group of disgruntled cabinet ministers, military officers and civilian rebels who were paid and the economic crisis in the tiny former Spanish West African colony.

The sources said about 30 people were arrested Saturday after attempting to occupy the presidential palace in the capital, Malabo. They said the coup leaders were Deputy Prime Minister Francisco Nils Gomez, Colonel Obiang's uncle, and Planning Minister Marcos Mba Ondo.

Cocaine Laboratory Seized in Bolivia

LA PAZ (UPI) — A Bolivian strike force transported by U.S. military pilots seized a jungle narcotics camp capable of producing more than two tons of pure cocaine a week, marking the most successful raid yet in the joint U.S.-Bolivian operation begun last week, a government spokesman said Thursday.

The U.S.-financed Bolivian strike force captured the laboratory, operated by an estimated 100 workers, in the north of the department of La Paz on Wednesday, said the Bolivian information minister, Hernando Anzolo. He said the joint force had made no arrests and had found only residues of cocaine in the laboratory, which he described as "one of the biggest ever seized in Bolivia."

Mr. Anzolo said pressants had told the police that the drug traffickers intercepted radio transmissions last Friday, tipping them off to the raid. The pressants told the police that the drug traffickers had fled the narcotics camp Sunday in two twin-engine planes, Mr. Anzolo said.

Soviet Calls Manifesto 'Anti-Socialist'

MOSCOW (Reuters) — A senior Soviet government official said Thursday that a document given to correspondents in Moscow calling for radical reforms in the Soviet system was provocative and anti-socialist. A Foreign Ministry spokesman, Gennadi Gerasimov, said at a press briefing that he was aware of some kind of manifesto. "I have to say that it is provocative and anti-socialist in challenging the leading role of the CPSU," the Soviet Communist Party, Mr. Gerasimov said.

He said the document tried to obstruct what he called the present renewal of Soviet society. The origin of the 24-page typewritten, which purported to come from a Leningrad group called the Movement of Socialist Renewal and was dated November 1985, has not been established. Western diplomats have expressed doubts over the document's authenticity.

Court Ruling May Help Lambsdorff

BONN (Reuters) — Otto Lambsdorff, the former economic minister of West Germany, appears likely to be cleared of corruption charges after a court ruling that no more witnesses would be called to testify against him, legal experts said.

Judge Hans-Henning Buchholz rejected a prosecution call for further testimony Wednesday on the ground that there was no chance that it could lead to the conviction of the former minister or two other men being tried with him. The trial will continue, however, because all three face lesser charges of evading taxes on political party donations.

Mr. Lambsdorff, a member of the Free Democratic Party, has been on trial in Bonn since August, accused of accepting bribes from the giant Flick company in exchange for granting it tax breaks. His predecessor as minister, Hans Friderichs, and the former Flick manager, Eberhard von Braunschweig, also are on trial over the alleged payment of bribes to the political party.

France Holds Alleged Irish Extremists

PARIS (Reuters) — The French police have detained four alleged members of the outlawed Irish National Liberation Army after finding an arms cache in a Paris apartment, an Interior Ministry spokesman said Thursday.

The four were arrested Wednesday when the police raided the apartment in Paris and found a large stock of grenades, detonators and guns. The spokesman said one of the four was believed to be Harold Flynn, leader of the Irish National Liberation Army, who was reported to have escaped from the Maze prison near Belfast several years ago. The group is an far-left splinter group of the Irish Republican Army.

The spokesman said the three others being held were William Browning, 43; John Gormley, 32, and George McCann, 46. The arrests followed the detention of four suspected gun-runners in June, the ministry said.

Ex-U.S. Sailor Convicted of Spying

SAN FRANCISCO (AP) — Jerry Whitworth, a retired U.S. Navy radioman, was convicted Thursday of 12 of 13 criminal charges that he was the key source of communications secrets fed to the Soviet Union by the convicted spy John A. Walker Jr. and that he failed to pay tax on the \$332,000 he was paid.

Mr. Whitworth faces life in prison on the espionage conviction. The jury received the case July 11 and announced the verdict on its ninth day of deliberations. The judge in the trial had earlier ruled out the death penalty.

Mr. Whitworth, 46, of Davis, California, was the last member of the so-called Walker family spy ring to be tried. John A. Walker Jr., 48, pleaded guilty to espionage in October; Arthur J. Walker, 51, his brother, was convicted of stealing classified documents; and Michael L. Walker, 23, John Walker's son, also pleaded guilty to espionage. Government officials said the spy ring's revelations had significantly damaged U.S. national security.

For the Record

Ronald W. Pelton, a former National Security Agency employee who was convicted last month of espionage, has agreed to give the government an account of what he disclosed to Soviet agents about U.S. intelligence-gathering projects targeted at the Soviet Union, officials said.

Five California men and two Libyan agents have been indicted on charges of selling \$50 million worth of Lockheed L-100 civilian transport planes and spare parts to Libya, the U.S. Attorney's Office in Atlanta said. President Ronald Reagan has banned U.S. business dealings with Libya. (UPI)

Britain dissolved the government of the Turks and Caicos Islands on Thursday, officials in the West Indian territory said. Chief Minister Nathaniel Francis, the target of corruption allegations, resigned after a meeting with the British governor, Christopher Turner. (AP)

DOONESBURY

EARL GREY AND SCOTCH WITH A VESCIANT AT THE SMOCH IF THE BOSS COULD SEE ME NOW!

WHO DO YOU WORK FOR, MARCH?

THINK HE WENT TO YOUR COLLEGE, FRIENDS! MY HIS NAME'S MINE GOD! YOUR DOONESBURY. THAT WAG!

MIRE'S WIFE TOLD ME ALL ABOUT YOU! YOU'RE SOME KIND OF ROMANTIC YOURSELF, RIGHT? A PRINCE OR SOMETHING?

THAT'S IT! SHE SAID YOU WERE A TYPICAL PRINCE! NO, NO, JEREMY!

O'Neill Calls For 'War on Drugs' by U.S. House

WASHINGTON — House Speaker Thomas P. O'Neill Jr. has called for a bipartisan effort to develop a comprehensive law to combat drug trafficking.

He said he would like to bring the bill to the House floor for a vote by Sept. 10.

Mr. O'Neill said Wednesday that Congress should launch a "legislative war on drugs" even if it broke the budget. He said this would support the Reagan administration's efforts, which he called worthy but inadequate.

He said that in this election year, the drug issue figured second only to the deficit in the minds of voters, and that it would be understood if budget priorities were sacrificed.

Mr. O'Neill said that if any measure envisaged conflicted with the Gramm-Rudman-Hollings deficit targets, he would ask the Rules Committee to waive those targets.

The speaker, who is to retire this year, said the effort would be coordinated by the majority leader, Jim Wright, a Texas Democrat. Mr. Wright, who is likely to be the next speaker if Democrats maintain control of the House of Representatives, said it would take "the rest of our lives" to eradicate the drug problem.

Mr. Wright reiterated Thursday that a tax increase was needed.

"Ultimately," he said, "that will have to happen, not just for drugs but for the whole budget."

Mr. O'Neill outlined the program at a meeting of House Democratic leaders and committee chairmen.

He said in a statement: "The drug trade needs to be hit, and hit hard, at both ends, the supply end, where these poisons are produced; and at the demand end, on the streets and in the suburbs, where the drugs are being consumed."

On Thursday, he said: "I want to see if we can get it on a bipartisan basis," but said he had not talked to the White House about it.

He said that while he admired Nancy Reagan, the president's wife, "for the job she is doing" in opposing drugs, further action was needed.

The chairman of the Judiciary crime subcommittee, Representative William J. Hughes, a New Jersey Democrat, said the committee chairman intended to pursue legislation dealing with law enforcement, education and foreign relations.

The enforcement proposals, Mr. Hughes said, would cover money laundering, increased sentencing for traffickers, witness screening for juries and probationers, designation of drugs and additional resources to stop drugs from entering the United States.

There were proposals for education programs in schools and for cutting aid to countries that refuse to cooperate in the anti-drug effort.



Senator Paul Laxalt of Nevada, a political intimate of Ronald Reagan.

Laxalt Takes Step Toward '88 Race

WASHINGTON — Senator Paul Laxalt of Nevada has moved a long step closer toward a candidacy for the 1988 Republican presidential nomination, telling reporters that if he gets adequate assurances of political and financial support by next spring, "I will go."

The man often called President Ronald Reagan's closest political intimate said Wednesday that he no longer felt he should put his presidential plans aside until his libel lawsuit against the Sacramento Bee has been resolved.

Mr. Laxalt, 63, sued after the

paper alleged that government agents had investigated the skimming of profits at his family-owned casino in Carson City. No trial date on the libel case has been set.

Mr. Laxalt, who is to retire from the Senate in November, said he had "no crying ambition to go out and run for president."

But he said he was being urged by many early Reagan supporters to become a candidate so that "Ronald Reagan's policies and purposes can be perpetuated beyond" 1988.

As chairman of Mr. Reagan's presidential campaigns in 1976, 1980 and 1984 and "general chairman" of the Republican

Party for the past five years, Mr. Laxalt said he has "lots in place" when it came to political operatives and allies.

But he said he would "need a handle on \$8 or \$10 million up front" for his candidacy, and that raising that amount was "an open question."

Mr. Laxalt's greatest prominence in 12 years as a senator came when he led the opposition to the ratification of the Panama Canal treaties during the Carter administration and when Mr. Reagan used him as a special emissary to Ferdinand E. Marcos, the Philippine president who was later deposed.

After U.S. Film Deaths, a Real-Life Trial

By Judith Cummings
New York Times Service
LOS ANGELES — Just a few miles below the hillside "Hollywood" sign that characterizes this city around the world, a trial opened in a Los Angeles courtroom Tuesday that promises some of the splashiest drama of a guns-and-action Hollywood film.



John Landis

Five defendants from the motion picture industry, including the film director John Landis, are facing criminal charges linked to the deaths of the actor Vic Morrow and two children in the filming of "Twilight Zone: The Movie."

The fatal incident took place on July 23, 1982, when the three were hit by a helicopter that was downed amid the firing of explosives in a special effects depicting the bombing of a Vietnamese village.

In the intervening four years, the industry and the authorities have reassessed the safety standards governing filmmakers as they strive for greater and greater realism.

Mr. Landis, whose film credits have included such box-office hits as "The Blues Brothers," "National Lampoon's Animal House" and "Trading Places," is by all accounts the first person to stand trial for a death in connection with a movie that he was directing.

Also on trial are Paul Stewart, the coordinator of special effects in the movie; George Foley Jr., associate producer; Dan Allingham, production manager; and Dorey Wingo, a stunt pilot who flew the downed helicopter.

All are charged with involuntary manslaughter, a felony crime, in the deaths of Mr. Morrow, who was 53, and the two children, Myca

Dinh Le, 7, and Renee Shinn Chen, 6.

Mr. Landis, Mr. Foley and Mr. Allingham also are accused of taking the children onto the set after 6:30 P.M. in violation of California laws on child labor.

Defense lawyers have called the crash an unforeseeable accident. All five defendants have pleaded not guilty.

The case has been closely watched by the film industry throughout the public legal examinations leading up to the trial.

In an unusual move, an array of Hollywood directors spoke out in defense of Mr. Landis in a letter in 1984. The group was responding to an article in the magazine Rolling Stone that examined the issue of the extent of responsibility of movie directors.

The directors, who included John Huston, Sidney Lumet, Francis Ford Coppola, George Lucas, Billy Wilder and Fred Zinnemann, contended that directors performed only the artistic function of designing movies and ultimately depended on the "skills and professional responsibility" of others in production.

An investigation by a Los Angeles County grand jury in June 1983 returned an indictment against the five defendants. A five-week preliminary hearing on the charges was held in 1984.

Municipal Judge Brian Crahan, who decided on the basis of the preliminary hearing that a trial should be held, linked the deaths to the moviemakers' search for cinematic reality.

"All of the principals on the production had one object in mind: the creation of a final illusion which had dynamics, explosives and a feeling of the awesome import of simulated eventual death and hopelessness," Judge Crahan wrote in his decision.

"Unfortunately, the attempt to obtain visual truth led to death, without any articulated specific rhyme or reason."

Judge Crahan also noted that the evidence showed that "none of the principals had any intention to harm, let alone kill," Mr. Morrow and the children.

Defense lawyers appealed the ruling to the Superior Court for Los Angeles County. In 1984, Judge Gordon Ringer upheld the ruling and also reinstated charges against Mr. Foley and Mr. Allingham that Judge Crahan had dismissed.

"This isn't nickelodeon time anymore," Judge Ringer commented in upholding the ruling. "I should have thought that after 75 years somebody might have thought it inappropriate to put Lillian Gish on an ice floe and send her into the middle of Niagara Falls to make a movie."

If the lawyers called to try the case are any indication, the battle for the jury's verdict will be hard-fought. The panel's selection, which is expected to last a month, began Thursday.

The chief prosecutor is Lea Purwin D'Agostino, a deputy Los Angeles district attorney who has been nicknamed "the Dragon Lady" by her peers because of a severe elegance in her appearance and what opponents see as a penchant for theatrics in the courtroom.

Ms. D'Agostino said the prosecution would proceed on the theory that Mr. Landis and his co-defendants "engaged in conduct that was grossly negligent, that they placed the children and Vic Morrow in an inherently dangerous situation, and that that is what, in fact, resulted in their deaths."

Mr. Landis has brought in one of the nation's most successful defense lawyers, James Neal, a former Watergate prosecutor who in 1980 won acquittal for the Ford Motor Co. in a celebrated liability case involving three deaths in the explosion of a Pinto sedan.

In 1981, he won the acquittal of Elvis Presley's doctor, George Nichopoulos, on charges of criminally prescribing addictive drugs to the singer.

As U.S. Senate Races Heat Up, the Cash Flows In

By Thomas B. Edsall
Washington Post Service

WASHINGTON — The cash is flowing freely in 17 closely contested races for U.S. Senate seats: An average of more than \$1 million has been channeled into each race during the past three months alone.

In California, the incumbent Democrat, Senator Alan Cranston, raised \$914,578 and his challenger, Representative Ed Zechan, a Republican, raised \$102 million in just a month and a half.

California is at the top of the Senate fundraising list, according to figures from the Federal Election Commission, with Mr. Cranston's cumulative total reaching \$5.6 million and Mr. Zechan's \$2.7 million. Mr. Cranston entered the final four months of the campaign with a significant advantage in his bank balance, \$1.4 million compared with Mr. Zechan's \$444,802.

There are to be elections for 34 of the 100 Senate seats on Nov. 4. Experts say that about 17 have the potential of turning into close contests. Republicans had a significant money advantage in nine races and Democrats in five; three contests were financially close.

Florida is running second to California in money raised, as Governor Bob Graham, a Democrat, raised \$1.3 million during the past three months in his bid to oust Senator Paula Hawkins, a Republican, who pulled in \$731,740. Mr. Graham and Mrs. Hawkins have each raised just over \$3.5 million; Mr.

Graham had \$1.6 million in the bank as of June 30, while Mrs. Hawkins had \$828,887.

The cost of running for the Senate has been steadily rising. In 1980, the average candidate spent \$1.1 million; in 1982, \$1.7 million; and in 1984, \$2.1 million, according to Federal Election Commission figures compiled by the Center for Responsive Politics.

Close races are the terrain where money can determine the outcome. In 1982, five Senate races turned out to be very close, and Republicans won each of them. One factor in those victories was the Republican candidate's ability to finance, in the final weeks of the campaign, highly expensive daily tracking polls permitting the candidate to make last-minute changes in television commercials, scheduling and other campaign activities.

South Dakota is the only state where an incumbent Republican senator, James Abdnor, has raised less than the Democratic challenger, Representative Thomas A. Daschle, the Democrat, continued to outpace Mr. Abdnor in the three-month period, \$560,020 to \$210,229, bringing his total to \$1.7 million, ahead of Mr. Abdnor's \$1 million.

While the Democrats are generally running behind their Republican opposition, some of the Democratic candidates are showing signs of gaining financial muscle.

In Oklahoma, Representative James R. Jones, a Democrat, raised more money during the past three months than Senator Don Nickles, a Republican. And in Missouri, Harriet Woods, the Democrat, raised more money in the same period than Governor Christopher S. Bond, a Republican. Still, Mr. Nickles and Mr. Bond have significant financial advantages overall.

Similarly, such financially beleaguered Democrats as Mr. Edgar in Pennsylvania, Governor John V. Evans in Idaho and Representative John B.reaux in Louisiana almost equaled their Republican opponents in the most recent reporting period, after running far behind earlier in the race.

In a contest receiving national attention — North Carolina — Representative James T. Brophy, a Republican, has expanded his cash lead over Terry Sanford, the former governor who is a Democrat. Mr. Brophy raised \$1 million from April 17 through June 30, compared with Mr. Sanford's \$453,490.

U.S. Aid Cuts To Be Deep, States Told

By Joseph F. Sullivan
New York Times Service

PARSIPPANY, N.J. — Officials from 10 Northeastern states have been told that cuts in federal aid under the budget-balancing law would be deeper and more difficult to absorb than previously estimated.

Delegates to a meeting here of the Eastern Regional Conference of the Council of State Governments heard warnings Tuesday that both the law mandating the aid cuts and the tax changes being worked out in Congress would make their work more difficult in the years ahead.

The speakers, many of them officials of the states from Maine to Delaware, gave the delegates few recommendations for handling the changes coming from Washington, other than to raise taxes and cut services.

Bruce W. Carlson, policy development director of Connecticut's Office of Policy and Management, said this year's cuts in federal spending, which totaled \$11.8 billion, had been "painless" because U.S. aid previously appropriated enabled most states to adjust their spending and absorb the losses.

Under the provisions of the budget-balancing law, 4.3 percent was cut from spending for most U.S. government programs.

Mr. Carlson said Connecticut had lost \$41 million in aid for 190 programs, but he said a study by his office had found little loss in services.

However, he said, the second round of cuts, contained in the U.S. budget for the 1987 fiscal year beginning in October, would be at least twice as large and would have the greatest impact on programs dealing with energy, the environment and education.

Stanley E. Collender, the director of federal budget policy for Touche Ross and Co., an accounting concern, said the U.S. Supreme Court decision striking down part of the budget-balancing law on July 7 would give the Reagan administration greater leverage in deciding where spending cuts would be made.

Close races are the terrain where money can determine the outcome, and of 17 close races, Republicans in nine have fatter bank balances than do their Democratic opponents. Democrats have the financial lead in five.

One of the key figures in candidates' finance reports is "cash on hand," indicating the amount of money each has for the latter, most expensive period of the contest.

From this vantage point, Republicans are heading into the decisive period of the campaign with a strong edge over their Democratic opponents. In nine states — Louisiana, Washington, Missouri, Wisconsin, Idaho, Alabama, Oklahoma, North Dakota

and Pennsylvania — the Republican candidate has an advantage in cash balance.

In four of those states, each of which has an incumbent Republican, the Republican advantage is greater than 10-1.

In North Dakota, Senator Mark Andrews has \$660,487; Kent Conrad, the Democrat who is tax commissioner, has \$62,495. In Pennsylvania, Senator Arlen Specter has \$1.7 million on hand, while Representative Bob Edgar, a Democrat, has \$105,956.

In Washington, Senator Slade Gorton has \$821,141, while the former representative, Brock Adams, a Democrat, has \$74,383. In Wisconsin, Senator Robert W. Kasten Jr. has \$1.2 million; his probable challenger, Ed Garvey, a Democrat, has \$71,741.

The only case where the Democratic cash margin reaches such heights is in Vermont, where Senator Patrick J. Leahy has \$398,472 on hand, while the Republican challenger, Richard A. Snelling, a former governor, has \$36,830.

Some of the key figures in candidates' finance reports is "cash on hand," indicating the amount of money each has for the latter, most expensive period of the contest.

From this vantage point, Republicans are heading into the decisive period of the campaign with a strong edge over their Democratic opponents. In nine states — Louisiana, Washington, Missouri, Wisconsin, Idaho, Alabama, Oklahoma, North Dakota

U.S. Lawmaker to Seek 10.6% Foreign-Aid Cut

By Jonathan Karp
Washington Post Service

WASHINGTON — Representative David R. Obey says he will propose a \$1.5-billion cut in foreign aid for the 1987 fiscal year when a subcommittee of the House Committee on Appropriations meets Friday.

The cuts to be proposed by Mr. Obey, a Democrat of Wisconsin, would affect all military and development programs except aid to Israel, Egypt, Pakistan and the Irish Republic. Other countries could face cuts of up to 50 percent.

Mr. Obey, who is chairman of the Subcommittee on Foreign Operations, said Wednesday that he would propose to the subcommittee \$12.9 billion in foreign aid for fiscal 1987, 10.6 percent less than this year's appropriation of \$14.5 billion. The Reagan administration has requested \$15.4 billion, according to Mr. Obey.

Under the proposal, most aid programs would be cut 9 percent across the board. Egypt, Israel, Pakistan and the Irish Republic would receive more than they did in the current fiscal year, when the Gramm-Rudman-Hollings budget-balancing law forced cuts of 4.3

percent in the foreign aid program.

Mr. Obey said his goal was to comply with the budget law, which he said he had consistently opposed.

Of the Reagan administration, he said: "If they want to protest these numbers, I suggest they look in the mirror and point the finger."

Mr. Obey is to propose \$3.1 billion in economic support funds, a cut of \$897 million from what the administration had requested. Under both proposals, more than \$2.2 billion would be reserved for Egypt, Israel, Pakistan and the Irish Republic.

The Obey plan would leave \$931 million for the rest of the world, whereas the administration requested about \$1 billion more.

Mr. Obey also is to propose a \$1.5-billion cut in foreign military credit sales, although Egypt, Israel, Pakistan and the Irish Republic again would be excluded. Egypt, Pakistan and Israel would receive roughly half of the \$4.4 billion Mr. Obey seeks to appropriate. The administration proposed \$5.6 billion.

Under Mr. Obey's plan, several State Department programs, including international narcotics control and anti-terrorist assistance programs, would receive the



David R. Obey

U.S. Biotechnology Rules Reviewed

By Keith Schneider
New York Times Service

WASHINGTON — Congressmen, scientists and environmental lawyers have commended the Reagan administration's new framework for regulating genetic engineering research and the products of biotechnology while asserting that there are weaknesses in the program.

The criticism of the framework, which went into effect last month, came at a hearing Wednesday before three Science and Technology subcommittees in the House.

Overall, the experts and legislators said the package fulfilled most of their objectives and provided scientifically sound and safe procedures for evaluating potential risks from products developed by manipulating the genetic structures of plants, animals and microbes.

But they said there were gaps in the program and that public concerns must be addressed concerning the release of genetically engineered microbes into the environment.

For example, scientists said the regulations did not deal with new design requirements for green-

houses and other facilities that would be used to house tests of genetically altered microbes on plants or in other agricultural applications.

The legislators said the regulations also did not adequately cover the use of microbes genetically engineered for dissolving oil spills or for use as living fertilizers.

The Environmental Protection Agency intends to regulate these organisms under the Toxic Substances Control Act.

But the law exempts companies with annual sales of less than \$4 million from having to notify the government about research or development projects. The annual sales of most of the 220 U.S. biotechnology companies are less than \$4 million.

The agency, officials said, is developing new rules to close the gap, and until it finishes this work next year, it has asked small companies to notify it voluntarily of experi-

ments involving industrial applications of gene-altered organisms.

Several scientists and legislators were concerned that ecologists did not take part in the two-year process of formulating the new rules.

Dr. Elliot A. Norse, a spokesman for the Ecology Society of America, a Washington-based group representing 6,500 professionals in the field, said the new rules were primarily shaped by molecular biologists whose concerns differed substantially from those of ecologists. He urged the government to bring more ecologists into the process.

Dr. David T. Kingsbury, chairman of the coordinating committee, and President Ronald Reagan's chief spokesman on issues of biotechnology, said the new regulatory framework provided a comprehensive system for reviewing almost every aspect of biotechnology. Committees are meeting to write new rules to fill several gaps, and legislative action by Congress will be unnecessary, he said.

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Herald Tribune

Published With The New York Times and The Washington Post

Moscow's Reformists

The most intriguing document to come out of Moscow in years has been published by The Guardian of London.

It is a 17-page manifesto allegedly issued by dissatisfied party officials who have formed an opposition group called "Movement for Socialist Renewal." Citing facts and figures normally available only to high-ranking members of the Soviet hierarchy, the anonymous authors assert that the Soviet Union, because of the inherent inefficiency of its political system, has lost out in the competition with the United States.

In the most explosive part of the text, they argue for fundamental political change, including freedom of the press and the creation of "alternative political organizations" — what the West would call political parties.

According to the British newspaper, the ideas contained in the document were first advanced during discussions in think-tanks formed at the instigation of Mikhail Gorbachev. When the party guidelines adopted last October failed to measure up to their expectations, the reformers gathered the suggestions into a single text in the hope that it could be discussed in the Soviet media. When this

did not happen, they made it the platform of their "movement" and eventually leaked it to Western newsmen.

The document, by calling for a pluralistic society and announcing the formation of a "movement" that could be regarded as an opposition party, strikes at the root of the Soviet system.

Though asserting that the authors are disappointed reformers who want to go further than Mr. Gorbachev, The Guardian does not exclude the possibility that the document is a provocation. Hard-line opponents of all reform may be seeking to discredit the Soviet leader by linking his reform strategy to a radical program that threatens the monopoly of power of the Communist Party.

In either case the text draws attention both to the limited character of Mr. Gorbachev's reforms and to the dangers the Soviet leader is facing. And it strengthens the impression that he is being challenged from opposite sides — from reformers pushing for more radical changes and from traditionalists who want to stop him in his tracks. The far-reaching policy debate under way in the Soviet hierarchy evidently is far from over.

INTERNATIONAL HERALD TRIBUNE.

The Mexican Accord

The Mexican debt agreement is a victory for common sense. It is by no means a final victory, for it represents only one step in the management of Mexico's enormous foreign debt and its return to economic growth. But things are now moving in the right direction, and that is enormously important to the United States. As a matter of foreign policy, Mexico's stability ranks second only to the Soviet strategic relationship in its significance to Americans in coming years.

Under this agreement the leaders will make extraordinary concessions to Mexico, and Mexico will make extraordinary efforts in its own behalf. The agreement, signed by Mexico and the International Monetary Fund with the active support of the World Bank and the Reagan administration, does not merely try to help Mexico carry its present debts. Mexico has to be able to carry them in terms that will permit its economy to expand, and that will permit it to continue to borrow. The drop in the price of oil has made Mexico's borrowing requirements imperative.

Mexico apparently has abandoned demands for interest rates below market levels, which would threaten higher interest rates to the banks' other borrowers. Beyond that kind of negotiating concession, Mexico is now moving steadily ahead with the most profound kind of internal reforms. It is closing money-losing state-owned enter-

prises. It is beginning to dismantle the protectionist practices that preserve highly profitable inefficiency for well-connected businessmen. President Miguel de la Madrid and his government are already paying a high political price for these reforms, and Americans should not underestimate the risks Mr. de la Madrid is running.

It is far from certain that the commercial banks will go along and put up their half of the \$12 billion in new loans that the agreement would provide over the next 18 months. But the best bet is that, with the usual grumbling, they will cooperate. Otherwise, if there were a Mexican default, they might well be blamed for it. No American bank is likely to expose itself to the consequences of that — not with the U.S. Treasury actively supporting the agreement. If the American banks cooperate, the Japanese and Europeans will follow.

None of that can guarantee success. The present phase of Mexico's distress is wholly owed to one unpredictable event, the sudden collapse of oil prices, and other unpredictable events no doubt lie ahead. But the recent agreement demonstrates that the international system — meaning Mexico, the Reagan administration and the International Monetary Fund — is capable of dealing skillfully with an international economic crisis of the greatest urgency.

— THE WASHINGTON POST.

Other Comment

Reagan's Sanctions Speech

Like Mrs. Thatcher, President Reagan is unwaveringly hostile to sanctions, to the point where he sees them as "acts of madness." To justify his attitude, Mr. Reagan has, even more explicitly than in the past, put the South African problem back into the context of East-West confrontation. The void that would be created by a withdrawal of the Western economic presence could only be advantageous, he explained, to the Soviet Union, thus endangering a sea passage of the highest importance.

This line of argument is doubtless shared, tacitly, by many European countries and explains their reluctance to treat Pretoria more rigorously. But there is no chance that it will be understood by the leaders of the South African black majority. Even if he could not expect praise, Mr. Reagan may be surprised to hear that Bishop Desmond Tutu, winner of the Nobel Peace Prize, has called his recent statements "harmless." This verbal violence expresses the despair of a community that feels abandoned and which is ready to make numerous sacrifices to regain its dignity.

— Le Monde (Paris).

A prudent observer, surveying the hostile reaction to Mr. Reagan's latest address, might think this a modest bet on his humiliation by Congress. The House has already voted for a comprehensive ban on sanctions; the Republican leaders in the Senate will not go that far, but they most probably will now produce a package that far outdistances anything that the president will welcome. Of course, the president can use his veto if the opportunity is there. But the head of steam on Capitol Hill may deny him the opportunity — and, anyway, he's often been prepared (on everything but Nicaragua) to lose gracefully if the political cost is too high, as long as his rhetoric doesn't suffer. That political cost is mounting fast after Tuesday night's flop.

— The Guardian (London).

The Advice of 'Experts'

Africa at any one time plays host to around 40,000 expatriate experts, costing at a conservative estimate about \$100,000 a year each. In their combined advice worth \$4 billion a year? Some Africans think not. The distinguished Kenyan journalist Hilary

Ng'weno says that "back in their home countries they would probably not be allowed to tinker with the working of a small-scale firm, let alone an entire nation."

Most field staff will admit that many development projects — maybe most? — are poorly conceived, badly planned, ineffectively managed and have little if any useful long-term impact. Perhaps it is time we said so. Too often, we have allowed the need to nurture public sympathy for development assistance to excuse not just a lack of frankness, but downright dishonesty about the effectiveness of aid.

— Jon Tinker, director of Earthscan, writing in World Development Forum.

Of Trial and Disaster

The species that has emerged over millennia has spent the millions of years in an environment that was repeatedly forgiving. It tolerated unspeakable errors, slow mental reactions, feeble intellectual processes, retarded muscular responses. But that species has now made a new world. And the word from Canaveral and Chernobyl is that that world is unforgiving, intolerant of stupidity, awful in reprisal for slow thought, fumbling action and general incompetence.

The old world was one of trial and error; the new one is one of trial and disaster. In the old world, an untrained boy could pick up a pair of pliers instead of a monkey wrench to fix an engine and nothing would be lost but a few moments. In the new one, if he picks up a metric spanner instead of an inch one, the delay may cause a continent to disappear in a cloud of radioactive dust. Are we too slow, too sloppy, too undisciplined to survive?

Maybe not, if we can pull up our socks, turn aside from incredible preoccupation with the irrelevant, submit ourselves to new standards of discipline, forgo our incredible appetite for luxury and ease, suppress our sloppy inattention to precise instruction and direction and learn to live by the book. Unless we profoundly alter our intellectual and moral gait; unless we abandon a pace of the mind and a state of morality endurable in a horse and buggy age, our species will one day clumsily commit the Earth to destruction by forces we are not smart enough to control.

— James Russell Wiggins, writing in the Ellsworth (Maine) American.

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OPINION

The Many Losers of the Achille Lauro Trial

By Walter Reich

WASHINGTON — In "West Side Story," Diesel, playing a judge in a street scene fantasy, says of the accused miscreant, Action: "In the opinion of this court, this child is deprived on account he ain't had a normal home."

Action, elated and appreciating this sympathetic explanation for his criminality, exults: "Hey, I'm deprived on account I'm deprived!"

"Soldier fighting for his ideals"



Abu Abbas

Italian Legal Terms...

This scene was recently enacted in Italy. But there the accused were not fantasized juvenile delinquents but real Middle Eastern terrorists. And the judges were not kids making fun of a criminal justice system but real judges, representatives of such a system, who were, without intending it, accomplishing the same end.

The trial involved the hijacking of the Achille Lauro. Magid al-Molqi, the on-board leader, received a 30-year sentence, less than the life imprisonment the prosecution had demanded. He had confessed that he had selected Leon Klinghoffer for death, coldly shot him and ordered him thrown overboard.

After the trial, the presiding judge told reporters that Mr. Molqi and two of his three co-defendants had been given reduced sentences because of "attenuating circumstances." Those circumstances consisted of deprivations they must have suffered because "they have grown up in the tragic conditions that the Palestinian people live through."

He apparently accepted the defense argument that Mr. Molqi and his associates were "soldiers fighting for their ideals," not terrorists.

What about Abu Abbas and his upper-echelon co-defendants? They got life imprisonment — a theoretical sentence, since they are on the loose — because they were said to have been "not acting for patriotic motives." But did Mr. Abbas not have the same origins as the man who took over the cruise ship and killed Mr. Klinghoffer? Does he not have the same grievances?

The main difference seems to be that in masterminding the operation Mr. Abbas may have tried to do two things: not only strike a blow for the Palestinian cause but strike it in a way that might be inconvenient to a

rival in the Palestine Liberation Organization. That rival, Yasser Arafat, who has struck such blows many times, and who has not abandoned the tactic, had just then put the tactic on hold while negotiating a deal, later scuttled, with King Hussein.

If anything, Mr. Abbas may be thought to be a greater patriot than Mr. Molqi. He is a general in the struggle and has fought far longer than Mr. Molqi. If he thought Mr. Arafat's strategy wrong, and hoped to derail it and then strike a blow for liberty as he saw it, does that make

him less noble than Mr. Molqi, and his deprivations any less severe? No. Nor, like Mr. Molqi's, should his deprivations be judged morally attenuating, and therefore legally attenuating. Both men committed terrorist murder — Mr. Abbas by organizing the trigger — and both should be seen as terrorists and get the fullest punishment allowed for terrorist murder.

To mete out lesser punishment on the ground that a terrorist believes himself to be an aggrieved freedom fighter undermines the ground on which justice stands by accepting terrorists' argument that only their concepts of justice and rights, and their sufferings, are valid.

This murder of justice is not good for the Palestinians either. So long as Mr. Molqi, Mr. Abbas, Mr. Arafat or other PLO members advocate terrorism or practice it while publicly denouncing it, or focus it on civilians who happen to be Israelis or Jews or Americans, they will continue to undermine the possibility that they will ever achieve the justice they define for themselves. The countries targeted by such attacks — especially the United States and Israel — will retaliate, and the war will go on.

For all this to end, two things are necessary. The Palestinians — and any of the many groups using terrorism to satisfy grievances — should scuttle terror and find other ways, inevitably involving compromise, to achieve their goals. And the Western democracies must reject the argument that any excuse — even one involving a background of deprivation — can "attenuate" responsibility for terrorism against innocents.

The writer, a senior research associate in the international security studies program at the Woodrow Wilson International Center for Scholars, contributed this to The New York Times.

Those Souls Who Need An Enemy

By Flora Lewin

PARIS — Somehow, thoughts keep turning to Lebanon as the prime example. It is mostly out of the news these days, partly because it is so dangerous to cover, partly because the Syrians are imposing their draconian order on West Beirut again.

The last time the Syrians did so, 11 years ago, they calmed things for a while. But nothing seems to cure Lebanon's raging virus of violence. People around the world ought to be learning something from it. The endless disaster and distress give overwhelming proof of the consequences of supposing the neighborhood can be improved by killing neighbors.

Once hatred takes hold, it runs amok; nothing can result but tragedy. These are old verities, but they are constantly challenged by thoughtless souls who need an enemy in order to think something of themselves.

In Hayden Lake, Idaho, a group calling themselves the Aryan Nations World Congress met the weekend before last and called for turning America's Northwest into a whites-only, male-supremacist homeland. Their leader preaches that Jews are the offspring of Satan through the line of Cain, and urges a "ZOG Inquisition," an attack on the U.S. government, which he calls the "Zionist Occupational Government." The racists weren't many and were greatly outnumbered by participants in a Human Rights Day celebration in nearby Coeur d'Alene. But they showed that the United States cannot be smug about having eradicated the murderous bigot's disease.

In Peru, after the prison massacre that put down mutinous guerrillas, the extreme left movement Sendero Luminoso issued a communique saying: "We foresaw 100 dead. There were 300. But every revolution has its cost. There is nothing to regret... It was a political triumph for the party. Thanks to this genocide, APRA (the governing party) has removed its democratic, popular mask. Besides, the timing was favorable. It was necessary to prevent APRA's benefiting from the Socialist International congress which was being held in Lima." The guerrilla leaders desperately sought to sacrifice their imprisoned comrades to increase the militarization of the country and to fanatize the people. The army obliged.

In Johannesburg, Seth Mzobuko, the leader of the United Democratic Front in Soweto, condemned the brutal deaths by "necklacing" and the behavior of youths trying to enforce a rent boycott by threatening elderly residents with burning if they pay. Mr. Mzobuko, now in hiding, said: "We've got to stop this or else things could be chaos. They wouldn't do this if members of the Soweto Civic Association were still around. But we're all in hiding or in jail."

There are other examples everywhere, throughout the world, of people who believe they are acting in a righteous cause turning themselves into monsters and bandits, rampaging out of control of sane heads. It is hard to imagine what kind of delusion makes President Pieter W. Botha think he can bring order to South Africa by censoring, banning and imprisoning the leaders who could express protest peacefully and organize politically. That delusion makes him the fount of violence, and it is why President Reagan's stand that persuasion and common sense alone will turn Mr. Botha around is a dangerous fallacy. He does not use the apocalyptic language of some Afrikaners, but he evidently does not see that he is steering his country to apocalyptic war. He is destroying those who would steer him away.

The creation of enemies, imaginary or real, in response to provocation, is a function of a mindless drive for power. It comes from an attempt to claim inherent superiority, by birth, by divine grace, obviously not by talent, wisdom or achievement. It is not about the people who are targeted, but about the haters themselves, who cannot justify themselves except by their ability to destroy others. They become their own victims as they plunge blindly ahead in their crusades. When they have enough strength, they drive away decent people who acknowledge the world's imperfections and try to make life tolerable, so as to swell the ranks of the enemies they need.

This is what brings Lebanon to mind. It is there for all to see, a pleasant prosperous country that tortured itself down, down, down into the pits. If only narrowed, obsessed eyes could open wide enough to glance at the story of Lebanon, they would find where they are going. The New York Times.

Prem, the Thai Survivor, Is Likely to Keep Doing So

By Sukhumbhand Paribatra

BANGKOK — On Sunday, another chapter in the often colorful and unpredictable drama of Thai politics will unfold. The kingdom will hold a general election with 16 parties and 3,814 candidates, a record number, competing to fill the 347 seats in the House of Representatives. Typical of Thai politics, the central theme will not be conflict between policies or ideologies, but the question of political leadership.

The tumultuous events of the 1970s demonstrated that neither military dictatorship nor open democracy is a durable model of governance for Thailand, and that the survivability of any government here is predicated on three crucial factors: the approval of the much-revered monarchy; control over the dominant faction within the divided armed forces, and particularly the army;

and the ability to satisfy the demands and aspirations of an increasingly pluralistic society.

Prime Minister Prem Tinsulanonda has held office for six years, the longest period of rule by a nonmilitary government since the absolute monarchy of King Prajadhipok was overthrown in 1932.

This achievement is not necessarily a measure of the prime minister's statesmanship, for major political and economic problems, especially rural poverty, remain unaddressed. But it does reflect his extraordinary tenacity and the survival skills that have enabled him to maintain necessary support from the monarchy, the military and the political parties. Two failed coups, one in April 1981 and the other in September 1985,

bear testimony to his survivability.

But Mr. Prem's leadership has faced mounting challenges, both from within the army and from members of the parliament, alienated by the economic policies of the irrefragable finance minister, Somchai Hoontrakul. Also at issue is Mr. Prem's style of leadership: He maintains royalty-like public aloofness from political infighting and the daily tasks of governance.

The anti-Prem forces converged in a temporary alliance in May when the parliament reconvened and defeated government-backed financial initiatives. The prime minister dissolved the parliament and called for general elections nearly a year early. He remains as acting prime minister. During the electoral campaign Mr.

Prem's leadership has continued to come under attack. All the political parties have expressed their dissatisfaction with his record and their expectation with his refusal to sully his hands by running for parliament; they have insisted that the next prime minister be an elected member of parliament, not an "outsider."

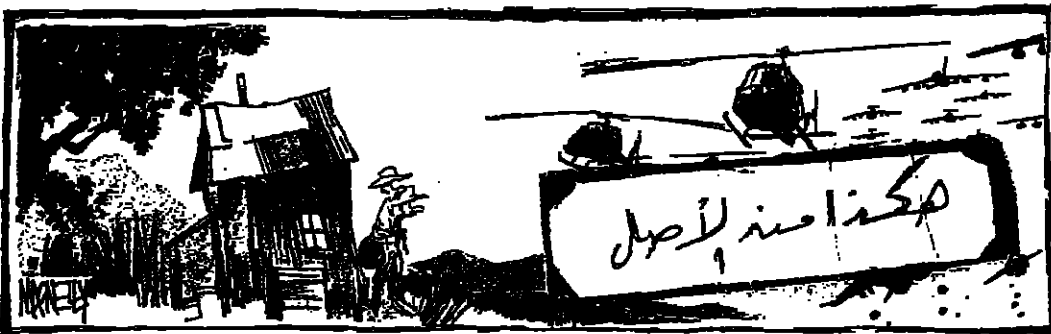
But paradoxically, the leadership question may already have been resolved — in Mr. Prem's favor. Despite his public gestures of lack of political ambition, Mr. Prem fervently wishes to retain his position; otherwise he simply would have resigned. With the back-room skills that have become his hallmark, he successfully maneuvered for the dismissal May 27 of a leading rival, General Arthit Kamlang-ek, from the post of army chief, and replaced him with General Chaovalit Yongchaiyuth, a trusted former aide. Mr. Prem thus neutralized, if not eliminated, all opposition within the army.

When the acting prime minister wishes to remain as prime minister and the army is commanded by his supporters, his case becomes well-nigh irrefragable. This is always quick to recognize and acknowledge force majeure, and after General Arthit's dismissal it is significant that most of the party leaders suddenly have indicated a willingness to accept a "suitable outsider" as the next prime minister.

The acting prime minister's position is further strengthened by the structural weaknesses of all the political parties. None of them is likely to gain an absolute majority. So a coalition government appears inevitable, and the various parties, needing to defray the costs of the campaign, are likely to do whatever it takes to gain the power and prestige of office. In the last resort, the parties would make pact with anyone to become part of the next government, as long as that person is able to head a viable coalition. Since Mr. Prem has the army's support, the likelihood is that he will return to form yet another government by the end of this month.

If the scenario plays itself out along these lines, continuity and stability will be assured in the short run — no mean achievement in a country that has seen 13 constitutions, 16 coups and 45 cabinets since 1932. The question then becomes: Will Prem the survivor be able to transform himself into Prem the statesman and lead a country in need of statesmanship? Sadly, his record suggests that he will not, and that the politics of survival will continue to prevail over the politics of good governance.

The writer teaches international relations at Chulalongkorn University in Bangkok and is director of security studies at the Institute of Security and International Studies there. These views are his own. He contributed this to the International Herald Tribune.



An Arsenal for the U.S. War on Drugs

By Edward I. Koch

The writer is mayor of New York City.

NEW YORK — What can be done to counter the burgeoning drug abuse that America faces? Certainly, state and local governments must continue to use their full resources against drug conditions. But drugs are a national problem, and narcotics control must be primarily a federal responsibility.

I propose the following steps as a coordinated response to the problem: Use the full resources of the military for drug interdiction. The Posse Comitatus doctrine, dating from the Reconstruction era and which restricts participation of the military in civilian law enforcement, must be modified so that the military can be used for narcotics control. I applaud the Reagan administration's military assistance given to Bolivia to stifle the drug problem at the source. But it is only a beginning. Congress must insist that the 500 coast guard narcotics investigators it authorized in 1985 for

— especially children — about the perils of drug abuse.

Enact a federal death penalty for drug wholesalers. Life sentences, harsh fines, forfeitures of assets, billions spent on education and therapy all have failed to deter the drug wholesaler. The death penalty would be a more effective deterrent. Capital punishment is an extraordinary remedy, but we are facing an extraordinary peril.

Set up federal narcotics courts. About 10,000 people are being held in federal prisons for narcotics crimes. Given the scope of the national drug problem, that number is unacceptably low. Federal prosecution of drug dealers of all levels must be dramatically expanded. Separate U.S. narcotics courts must be established to process these cases in full partnership with the state courts.

Designate U.S. narcotics prisons. The Bureau of Prisons should designate separate facilities for drug offenders. Segregating such prisoners, preferably in remote locations such as desert areas, might motivate drug offenders to abandon their trade.

Pass a money-laundering statute. Despite federal estimates that illegal drug trade generates \$50 billion to \$75 billion a year in the United States, there is no federal money-laundering statute. Congress should bar money transactions by those intending to promote or profit from unlawful drug trafficking.

Enhance the federal agencies combating the drug problem. The attorney general should greatly increase the number of drug enforcement agents in New York and other cities. He should direct the Federal Bureau of Investigation to devote substantial manpower against the cocaine trade and should see to it that the Immigration and Naturalization Service is capable of detecting and deporting aliens convicted of drug crimes in far greater numbers than it now does.

Enact the state and local narcotics control assistance act of 1986. This bill provides \$750 million annually for five years to assist state and local jurisdictions to increase their capacities for enforcement, corrections, education and prosecution.

These proposals offer no certainty for success. But to win the fight against drugs, it is essential that the federal government be persuaded to recognize its leading responsibility.

The New York Times.

LETTER TO THE EDITOR

Tax Reform: A Warning

Americans abroad are about to participate in a momentous change in the U.S. income tax law — the most sweeping since 1954. As both the House and Senate versions of the proposed new law are in reasonable accord, it is likely that the final version will be passed by Congress before its summer recess.

Americans living abroad will be directly affected by the proposed changes to earned income exclusion, which will be reduced under both versions of the new law. The legislative knife will cut deeper if the House has its way by subjecting an overseas American who claims the earned income exclusion to the alternative minimum tax, which may make him taxable both in his country of residence and his country of citizenship. Not just high-bracket taxpayers will suffer, but potentially medium-income salaried people as well.

It is no secret that the approximately three million expatriate Americans are perennial victims of the crosscurrents that continually disturb the fiscal sea.

As we are scattered around the world, we are not represented in Congress as a unitary body (i.e., as if we were a 51st state), and thus are with-

out real representation as a single interest group. Worse, we continue to suffer the stigma of the cop-out, the runaway, the seekers of the easy life outside the main arena of continental America, where it's really at.

We at the Association of American Residents Overseas (AARO) have long fought to impress upon the Congress the vital role of Americans abroad: economically, by working to stabilize the balance of payments; socially, by allowing our overseas friends to glimpse and understand the often startling stuff of which we are made; and culturally, by helping to bring abroad the funnier, lighter and more energetic side of our national character. We are not heroes, but neither are we pariahs.

Given the current tax reform climate, all we ask is that the earned income exclusion be allowed to remain as is. AARO urges all Americans abroad to write at once to Senator Bob Packwood, in care of the U.S. Senate, and/or to Representative Dan Rostenkowski, in care of the House of Representatives, to express their concerns and to request that, at the worst, the Senate version of Section 911, and the alternative minimum tax be adopted.

SAMUEL H. OKOSHKEN, AARO, Paris.

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INSIGHTS

Israelis Hail New Jet as a Marvel but U.S. Is Trying to Shoot It Down

By Thomas L. Friedman
New York Times Service

TEL AVIV — Israel and the United States are locked in a struggle over the Middle East, and the Pentagon is quietly trying to shoot down the 300 Lavi fighter jets that Israel is trying to build.

Using about \$1 billion in U.S. money, Israel is rushing the jet off the drawing board, to the production lines and into the air in the hope that once it is a reality not in the distant future, it will be able to quash Israel's long-held dream of the art fighter for the 1990s.

On Monday the first two Lavi prototypes had their official "roll-out" for public viewing. Test flights will follow by October.

Israeli officials speak of the Lavi, which means lion in Hebrew, as reserved for the most revered projects. It has become more than a plane. It has become the equivalent of the U.S. space program — a project that Israeli leaders say could raise the whole technological level of the country, software, computers and design.

If the Lavi is scrapped, as the Pentagon wants, its Israeli supporters argue that thousands of engineers and high-technology subcontractors will be out of work, national pride will diminish, scientific development will be curtailed, brain drain will increase and the economy might be less effective.

"When you Americans want to moon it was not just the moon, it was your goal," Prime Minister Shimon Peres said in defense of the Lavi project. "The goal was all that was happening between you and the moon — the scientific and technological development along the way. Maybe if we just produced what would be a lot cheaper and sweeter. But it would not be any real scientific achievement. For that you must take real risk."

But for the Pentagon, and some Israeli critics of the plane, the Lavi, which is a bit of high technology at Israel simply cannot afford out its \$1.8 billion in U.S. military aid in the current fiscal year. The Lavi, they argue, could possibly be as much as half that cost, but it would not be any real scientific achievement.

"The Lavi may fly," quipped one Israeli general, "but if it does, the rest of the army will be grounded."

ISRAELI officials are convinced that the Pentagon opposition to the Lavi is not really for Israel's own good. Because of the outstanding reputation the Israeli Air Force, every aero-



Israelis gathered for the first public glimpse of the country's advanced jet, the Lavi.

space company in the world wants it to use their planes.

Israel is to fighter aircraft what Jack Nicklaus is to golf balls. France sold 1,200 Mirages after Israel used them to devastating effect in the 1967 war.

If the Lavi does fly, and delivers even half of what it promises, say Israeli officials, it will at minimum represent several billion dollars in lost sales for American aircraft companies, particularly General Dynamics, which supplies Israel with F-16s, or Northrop, which has been trying unsuccessfully to sell Israel its F-20. At worst, the Lavi would become a competitor in world markets.

To counter the American aerospace lobby and the Pentagon cost analysts, Israel Aircraft Industries, the state-owned manufacturer of the Lavi, recently opened discussions with McDonnell Douglas and the Grumman Aerospace Corporation to see whether they would like to be partners in the plane. Grumman, already making the wings for the Lavi, is said to be considering the proposal.

Even in its present shape, 55 percent of the Israeli-designed Lavi will be manufactured in the United States. Already, 150 American subcontractors are working on Lavi contracts worth \$800 million. They include Grumman, Pratt & Whitney, which is making the Lavi's 1120 engines and Lear-Siegler Inc., which is producing some of the avionics.

"The Pentagon understands that some American jobs are also at stake with the Lavi," said an Israeli Aircraft Industries official. "We think one reason they oppose the plane is that they are frightened to death that we can build the Lavi for what we say. The Pentagon knows that Congress is tracking our program and is going to be asking the

Pentagon why it needs so much money to build a frontline fighter when Israel can do it so cheaply."

U.S. military officials in Israel scoff at this suggestion. Said one: "There is clearly a head of steam building in the Pentagon against this project. We see it as a program that could easily suffer from elephantiasis. We are not trying to persuade the Israelis into stopping the project. We do, however, want them to have the most information possible to make the right decision. I don't think anyone should talk as though the Lavi has reached the point of no return. That would not be helpful."

The point of no return is precisely what Israel Aircraft Industries hoped to roll through at the unveiling. As its president, Moshe Keret, put it: "I'll tell you something very simply. I find it very difficult to believe — today — that there is any power that could kill the Lavi."

The Lavi was conceived in June

1967, after France, Israel's primary arms supplier, suddenly embargoed all weapons sales to Israel.

"From that point on," said Benjamin Peled, a former air force commander, "it was decided that Israel, for its own survivability, must be able to produce on its own at least one tank, one naval vessel, one missile from each family, and one fighter plane."

As a result of this policy, Israel built the Merkava tank, its own Sear patrol boats, an array of missiles and, in 1974, the Kfir fighter-bomber, a knockoff of the Dassault-built Mirage IIIs with an American engine.

Every major world air force strives for a "high-low mix" in aircraft. This means a combination of superior fighters, such as the McDonnell Douglas F-15, and cheaper workhorse fighter-bombers for air support of troops fighting on the ground, such as the A4 Skyhawk and the Kfir.

In the late 1970s, Israel decided that while it could never afford to build a replacement for the F-15, it could do something about replacing its low-end aircraft as they became outdated. In 1978, Defense Minister Ezer Weizman instructed engineers at Israel Aircraft Industries to plan a relatively small, cheap, single-engine plane that would replace the Kfir and Skyhawks.

WORKING under these guidelines, the Israeli engineers presented the cabinet in 1980 with plans for the Lavi, and the cabinet approved them. However, in 1981, Major General David Ivi, then air force commander, told Prime Minister Menachem Begin that if the Lavi was going to be of use to the air force in the 1990s, it would need to be a larger aircraft with a much stronger engine.

Even American critics of the

Lavi concede that if it turns out as designed it will be equal to or almost as good as the latest F-16 in many air-to-air capabilities, while clearly an advance on the F-16 in air-to-ground warfare.

The comparison is important, since some Pentagon officials have suggested that Israel fulfill its needs for a low-mix fighter-bomber with the multi-purpose model F-16C, rather than build a Lavi.

To begin with, argues Nisan Ebel, deputy project manager for the Lavi, "the Lavi will be able to carry more bombs, at a higher speed for a longer range than the F-16."

Second, argued Mr. Ebel, aircraft historically have been designed to survive primarily an air-to-air threat.

However, after the Israeli Air Force lost more than 25 percent of its attack aircraft in the first three days of the 1973 war as a result of Soviet-made surface-to-air missiles, it realized that the most severe environment for which a multi-mission aircraft should be designed was not air-to-air missiles but the ground-based threat.

The F-16, designed before the 1973 war, was really a lightweight air-to-air fighter, only later adapted for bombing.

In contrast, Mr. Ebel said, the Lavi embodies a combination of technologies for survivability in the theater of conflict Israel faces — that is, a dense field of SAM batteries packed into small areas — such as the Golan Heights — which almost always must be penetrated, rather than gone around.

The Lavi will have a state-of-the-art system of electronic warning sensors and counter-measures that will enable the pilot to program his plane to identify certain threats — radar and surface-to-air missiles — and to automatically take counter-measures, such as jamming.

The pilot will not have in front of him the usual bank of dials, but

instead a high-tech screen on which he will have a tactical map of the entire battle area, with all the intelligence data superimposed so that "what he is doing, if you'll forgive me, is playing an Atari game," said Mr. Ebel.

Third, the Lavi will have a highly advanced set of computers, with uniform software, whose memory capacity and speed of communications will be far beyond that of the F-16.

"The F-16 is a Commodore 64," said Mr. Ebel. "The Lavi is an IBM PC with 500,000 bytes and a hard disk."

Finally, and most controversially, the Lavi will be cheaper, argued Mr. Ebel. "We are projecting a \$15.2 million-per-copy flyaway cost," he said. "Add another 50 percent per plane for spare parts and servicing and another 50 percent for development spread out over 300 planes and you come up with a roughly \$31 million aircraft."

Israel is about to receive 75 F-16s, purchased at a cost of roughly \$3 billion, or about \$40 million per plane.

BUT are the Israeli cost estimates correct? As it became clear that Congress intended to fix a ceiling on the U.S. deficit, and, in effect, foreign aid, the Pentagon examined the implications for Israel's defense spending.

In February, Dov S. Zuckheim, deputy under secretary of defense for planning and resources at the Pentagon, informed the Israelis that the Pentagon believed Israel had "seriously underestimated" costs for the Lavi.

He predicted that each flyaway copy would cost \$22.1 million, not the \$15.2 million estimated by Israel. Adding servicing and all other costs over the life of the program, the Zuckheim report concluded that the 300 Lavis would cost Israel at least \$20.6 billion, rather than

the \$14.7 billion estimate of Israel's Ministry of Defense.

The drain on Israel's defense budget of such a cost overrun would be enough to curtail Israel's procurement and development of almost any other weapons systems.

Mr. Keret, the president of Israel Aircraft Industries, contends that Mr. Zuckheim's figures are simply wrong and that the applied technology and management and production costs typical to U.S. manufacturers that do not apply in Israel, where things are done on shoestring budgets. The debate over costs has clearly left blood between the Pentagon and the Israelis.

For its part, the Pentagon has underestimated the fact that the present Israeli government is far too weak to stop the Lavi, particularly given the role that the plane has assumed as a high-tech national challenge. Israel Aircraft Industries, which is wholly owned by the government, is the biggest company in Israel, employing 22,000 workers. With their families, the employees alone elect three or four Knesset members. The company says an estimated 4,000 engineers would be out of work immediately if the Lavi were canceled.

Both sides now seem to be learning from their mistakes: The Pentagon has promised to provide Israel with alternatives for the Lavi by mid-October that would not cost many jobs. One idea being considered would be an Israeli-American co-production of the F-16 or F-18 with many Lavi-like components and some assembly in Israel. For its part, Israel has begun searching for an American partner for the Lavi.

"If we do that," Mr. Keret said, "I think we can enhance our ability to convince some policy-makers in the United States that the Lavi was not a big mistake. But it is not a condition for the future of the Lavi. I think we will go on with this program one way or another."

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TRAVEL

- A walk up Everest
- Yugoslavia's markets
- Off-beat London

International Herald Tribune

TRAVELER'S CHOICE

Locomotive culture

■ Austria's railways have always provided comfort and convenience. This year they offer some extra advantages to tourists. The trains run on frequent schedules, save hours of driving time, and even come equipped with phone service. In addition to the regularly scheduled steam locomotive service, museum trains run frequently, and special trips are available. It is even possible to rent a train by the hour. The special trips available on rail include: The Montafon Valley Railway which offers two round trips on a vintage steam train every Thursday afternoon until September 11; the Achensee Railway, a meter-gauge steam rack system, which climbs 1,370 feet to its destination, a breathtaking mountain lake; the Zillertal Railway, which gives the passenger the opportunity to be the engineer on a five-mile stretch of the line. The Martell Railway runs vintage steam trains, and can be chartered for special trips, and the Gleichenberger Railway, a 14-mile standard-gauge electric rail, is available for occasional museum trips.

Human castles

■ There are those who dream of castles in Spain; now tourists can view a different type of castle in Catalan, a human one known as "colles de castellers." By acrobatic tradition that originated in the Middle Ages the castles are formed by men grasping each others' shoulders to form a base, while others climb these human pillars to form the next level. Some of the "colles de castellers" reach as high as seven feet, using as many as 150 men. The human towers are formed in cities and villages to celebrate the *fiesta mayor*, or grand festival, on the birthday of the community's patron saint. Other events in celebration of the saint's day include a carnival, parade and regional folk dancing, including *La Sardana*, the traditional Catalan folk dance. The festival ends at sunset with a procession and a fireworks display. Human castles can be seen at the *fiesta mayor* de San Felix and the festival in honor of Raimundo de Penafort, both in Vilafranca del Penedes, as well as in many other towns.

Cruising in the past



■ As an ocean liner of the 1980s sails the Atlantic this summer on a 13-day round-trip cruise between New York and ports in New England and Canada, the ambiance of the great liners of the past—the Empress of Britain, the Normandie, the Queen Mary and the United States—will be evoked through illustrated lectures. And while the history of luxury cruising is explored and the emergence of the Atlantic superliners recalled, there will be talk too, of the future—of the ships of the 21st century. All this will be incorporated in a series of lectures given by Allan E. Jordan, historian of the American Merchant Marine Museum, aboard the Royal Viking Line's Royal Viking Sky, departing from New York on Aug. 24 and returning Sept. 6, and calling at Halifax, Quebec, Montreal, St. Pierre, Boston and Newport, R.I. Based on double occupancy, the prices range from \$2,821 to \$9,230, depending on choice of accommodations. Air fare from 50 designated North American cities to New York, the port of embarkation, is free.

Crockett's cane

■ Through paintings, writings and such memorabilia as a rifle, a gold watch and a snuff box, Davy Crockett is being remembered in a new exhibit at the Smithsonian Institution's National Portrait Gallery. The exhibition, titled "Davy Crockett: Gentleman From the Canes," commemorates both the 200th anniversary of his birth on Aug. 17, 1786, and the sesquicentennial of his death at the Alamo, in March 1836. In 1822, David Crockett—he never called himself Davy—was dubbed "gentleman from the canes" (actually, sugar cane fields) by a fellow lawmaker in the Tennessee Legislature seeking to emphasize Crockett's humble origins. Crockett, who was a frontiersman, scout, storyteller, campaigner and politician, turned the insult into a compliment, embracing it as a symbol of his rugged honesty and unpretentious ways. The Smithsonian show, running through Sept. 14, will feature paintings of Crockett and many of his contemporaries (Henry Clay, Daniel Webster and Andrew Jackson, among others). The show also includes mementos of Crockett the fictional hero. Among these is a portrait of Frank Mayo, the actor who portrayed Crockett on stage more than 1,000 times from 1872 to 1896.



Bali: irresistible smiles and stone temples.

by Paul Zach

LEGIAN, Bali — The first time I stepped off a plane in Bali a blast of hot air embraced me with a strange sensation of familiarity. It was as if I was not only returning, but that I had never left.

I was in fact there as part of a University of Hawaii study group; it was 1978 and people had long been lamenting the demise of the island's faded culture. Yet I found little to lament. The wiry, copper-colored young man who had been dispatched to meet at Ngurah Rai airport us loaded our luggage into the trunk of a 1963 Dodge Polara. On its dashboard was a palm leaf heaped with flowers and other tidbits to placate the god in charge of the island's highways. It would be suicidal to venture into Bali's treacherous traffic without divine aid.

Thus we drove into the paramount paradise of Indonesia's myriad paradises, past kelly-green *padi* (rice) fields and enchanting temple and residential compounds, over bridges guarded by sculpted stone gods and rivers running with children and women scrubbing clothes. Along the roadsides, men squatted in sarongs and caressed brawny fighting cocks. Young women with irresistible smiles sat in shacks selling cigarettes, bags of peanuts, bottles of pastel-colored liquids and packets of Rinsu. We turned on a dusty lane and drove into the village of Ubud, up to the impressive, moss-encrusted walls of the palace of Puri Saren, an ancient establishment that has hosted such luminaries as Charlie Chaplin, Marlon Brando, Ho Chi Minh, the king and queen of the Netherlands and Robert F. Kennedy.

We stopped in front of a gate, a stone monolith about 30 feet tall, topped by a series of roofs, each smaller than the one below. Two statues of club-toting creatures with grins guarded the gate. The menacing figures wore black-and-white checked sarongs. Did the Balinese believe these stone gods lived and breathed?

We walked past the statues into a courtyard surrounded by more walls. Beyond was another courtyard and the bungalows that were to be our quarters for the week. The decor in the bungalows could only be described as early grass hut. There were no

modern amenities. Mosquito nets hung over simple but comfortable beds. Kerosene lamps, primed for darkness, stood on tables. Water was delivered each morning by a young man who fetched it from a nearby well and poured it into a square tiled basin through a hole in the bathroom wall. We bathed like the Balinese — by holding our breaths and dumping scoops of cold water over our heads.

That evening our hosts, the village royalty, welcomed us with a spectacular *kecak* monkey dance in which men's barking voices are the background music for folkloric skits. Afterwards, we slept in traditional style — jarred in and out of dreams and nightmares by the echoing, stentorian "tuck-koo, tuck-koo, tuck-koo" of toklay lizards, waking to crowing cocks. It was a grand introduction to Bali, one that has brought me back dozens of times. I never have really left the island since that first visit.

Bali is the best known of Indonesia's islands, romanticized in travelogue, fiction and film. There are bits and pieces of it in James Michener's imaginary Bali Hai. Its art has been compared to the work of Aubrey Beardsley and Hieronymus Bosch. Its festivals and music have inspired contemporary pop stars like David Bowie and Jon Anderson. "Bali goes its own peculiar way, a land that has not struggled for existence," wrote the American journalist Hickman Powell during a visit in the 1920s.

The island's 5,623 square kilometers (2,140 square miles) are compact — half the area of Jamaica — but encompass idyllic vistas. It is doubtful any of the world's islands boasts a view like the one from the ridge in the village of Sayan, of emerald rice-field terraces, a silver river that foams as it tumbles over boulders at the bottom of a profound ravine, and the sapphire silhouette of a distant volcano range. It is sublime, especially in the morning and evening, when flocks of herons float through the gorge in the orchid sunrise and crimson sunset.

Friends of mine, an American family that had lived in Jakarta for 10 years, built a Balinese-style bungalow on that ridge. On Christmas Day 1983, I attended their house-warming party. A heavy rain that had just ended had glazed the palm leaves, and drops caught in the grass sparkled in

the sun. The people of Sayan, delighted that foreigners had been bewitched into settling in their village, served us a delicious banquet of suckling pig, rice and fruit. We ate with our hands from biodegradable plates of banana leaf. Young girls danced for us. We celebrated the dawn of a new dwelling as night coursed into the gorge.

Bali is at its best at times of transition. When rice planting begins and harvest ends, the villages swirl with feasting and dancing and the hypnotic rhythms of the gamelan orchestras, the sound of which a Dutch musicologist compared to "moonlight and flowing water."

When human life begins, an infant is carried everywhere until its first birthday — by Balinese reckoning, 210 days later — to spare him the shame of crawling like an animal. When children become young adults, their teeth are filed with great fanfare to reduce the evils of human nature (greed, anger, jealousy, etc.) and decrease the chance of human error and frailty. And when life ends, crowds of sarong-clad men hoist on their shoulders palm-tree-tall funerary towers festooned with the garish, bug-eyed creatures of Balinese myth and nightmares, and send the spirit of the deceased to the afterlife on a pyre. Religion governs every phase of life in Bali.

THESE transitions are not in the least bit subtle. For instance, at the end of a year and the beginning of a new one by Bali's lunar calendar, on a day called *Nyepi*, beaches and temples and streets empty out and an eerie, uncharacteristic stillness descends on the island as people stay home and refrain from fighting fires and from working, in an effort to trick mischief-making evil spirits into abandoning the island by making them believe it is devoid of life. Even tourists are not exempt from the rituals. On *Nyepi*, hotels advise guests to stay on the grounds lest they be chased from the beach by religious police. Although accommodations can be

found in most any village, most visitors put up, at least initially, in one of the three tourist enclaves at the southeastern tip of the island: Sanur, Kuta Beach or the lavish new government-built Nusa Dua tourist-convention resort complex.

Sanur is an upmarket area popular with older couples and families. Its premier lodging is the Tanjung Sari, a cozy collection of bungalows set in gardens. Each bungalow is different. Prices range from about 112,000 rupiah (\$100) to 224,000 rupiah a night. The Bali Hyatt has more conventional rooms for about 112,000 rupiah. There is good food and atmosphere at the Kul Kul restaurant. The menu at Swastika Gardens is popular and inexpensive.

Kuta Beach, with its designer boutiques, discos, "party nights" and inexpensive bungalows and pensions, attracts younger crowds and has become a glamorous St. Tropez of Southeast Asia in recent years. The beach is long and golden, full of peddlars hawking cheap jewelry, carvings, even massages-while-you-sunbathe. Chez Gado-gado (*Gado-gado* is a traditional salad with peanut sauce) attracts the fashionable to its superb oceanfront setting on disco nights. The Blue Ocean brings in many jetsetters for its "full moon" parties. Comfortable rooms with bathrooms can be found in Kuta for as little as 5,600 rupiah, and enormous lobsters go for as little as 9,000 rupiah at some restaurants. Kuta's best food and company is at Made's Warring, an inconspicuous-looking, open-front establishment near Kuta's main intersection.

Nusa Dua, southeast of the airport, has conventional hotel rooms and opulent Balinese-style architecture. There is a huge pool at the grand Hotel Nusa Dua, where rooms run about 72,800 rupiah and up. The smaller, beachfront Hotel Bualu is a water-sports resort where the rates (50,400 rupiah to 95,200 rupiah) include sailing, scuba diving, snorkeling and wind-surfing. Most of Bali's three million people live

just far enough removed from the tourist hubs in southeastern Bali, in close-knit villages on the south-central slopes of the island, an area dominated by the island's tallest mountain, Mount Agung (3,142 meters; 10,290 feet) is the home of Bali's supreme god, Sanghyang Widi, in his manifestations as Brahma, Vishnu and Shiva.

Besakih, the mother of Bali's teeming family of temples, rises in a series of terraces that resemble a sculpted stone rice field in the shadow of Agung's summit. Composed of nearly 200 interrelated structures scattered around the mountain's slopes, Besakih contains 57 shrines, a litany in stone composed over the centuries by a succession of priests and rulers.

Less important in the temple hierarchy, but equally breathtaking, is Tanah Lot, west of the noisy, dusty island capital, Denpasar. Built on a outcropping licked by breakers off a promontory on the southwest shore, it can be reached only at low tide. Temple processions through the surf have long inspired artists and photographers.

Bali's temples are the inspiration and setting for fabled festivals that bring their somber gray stones to life with color and movement. Women in the form-fitting *sarong kebaya* balance stacks of plates and bowls filled with fruit, flowers and rice cakes on their heads and parade on dikes and paths. Men with scarves twisted around their heads carry gamelan instruments; other practices in the costumes of the good Barong, a bizarre hybrid creature, and its archenemy, the witch Rangda, a fanged, striped vampire. Temples are sometimes the backdrop for morality plays that pit the forces of good against evil in dance dramas that rapidly build in intensity until some of the actors go into trances. With glazed eyes, they try to impale themselves on the points of their *kris* daggers. Inexplicably, the blades rarely penetrate their skin, an enigma the Balinese

Continued on page 9

Forgotten Travelers to Pre-Haussmann Paris

PARIS—Despite the gloomy forecasts, it seems that the occasional American tourist has been spotted this season in Paris, irresistibly drawn, perhaps, by the anticipated thrill of being beset and assailed by the city's picturesque inhabitants. Americans, after all, have been coming to Paris since their republic was new. According to early 19th-century tourist statistics, the United States ranked sixth, ahead of Italy, Spain and Austria. The British led the pack, but in the period from 1818 to 1827 the United States sent almost as many tourists to Paris as Germany did.

These figures come from a study of American tourists' reactions to France, "La France et les Français vu par les voyageurs américains 1814-1848," by Guillaume de Berrier de Sauvigny, recently published by Flammarion in Paris.

The period involved is the peaceful interlude between the fall of Napoleon and the 1848 revolution, when France was ruled by an increasingly middle-class monarchy. The American tourists are, with a few exceptions such as Washington Irving and Longfellow, forgotten travelers who commiserated their impressions in diaries and books.

Some of the travelers hated France at first sight. "Only a weak or suppurating fever could have held together by such petty methods. I could not refrain from feeling a certain satisfaction at being born on the other side of the Atlantic," one tourist wrote after a rigorous customs examination.

The zeal of customs officers and police was especially unwelcome after ocean crossings that could exceed 30 days. Tobacco was often smuggled in from the United States and worthy matrons were quite shocked to be asked if they had stored any stogies in their reticules.

Good Americans, it is said, go to Paris when they die. Lucky ones go while they are still alive. "Beautiful, sunny, France, the object of so many dreams," said a tourist named John Huster. "I had been charmed in anticipation since childhood," said one David Strother, adding that reality was a bit of a shock to one fresh from the beech trees and squirrels of Kentucky.

Even tourists from such big cities as Boston and New York were amazed and titillated by the looseness of Parisians' morals. Parisians misbehave even on Sundays, noted a gentleman named Breckinridge. "A

race of violinists and dancers who think only of the present," another tourist sniffed.

The Paris that early 19th-century tourists visited was quite different from Paris today, and so were the tourists' interests. They climbed the towers of Notre Dame for the view, but nothing suggests that they went into any of the churches since they found English cathedrals more noble

MARY BLUME

and grand. Their favorite Paris church was the Madeleine, which was greatly admired because it looked more like a bank than a place of popish worship and because it was relatively new. "The most magnificent edifice I have seen in the old world," was how one Willard Parker described the Madeleine. "Impossible to find anything more beautiful."

The center for amusement was the Palais Royal. Except for the students' quarter, the Left Bank was little visited; the Arc de Triomphe was admired for its size.

Along with the Louvre, the most popular attraction was Père Lachaise cemetery. Used to modest churchyards, the Americans were fascinated by the magnificence of Père Lachaise and by the idea of having a burial ground unconnected to a church. It showed a different view of life and death, they concluded. "A Frenchman buries his wife, builds her tomb and reserves a space for himself beside her," one tourist wrote. "After which he enjoys life with good food and drink. He has his tomb at Père Lachaise just as he has his box at the opera."

"Each nation," said an Episcopalian clergyman from Connecticut named Nathaniel Wheaton, "has its peculiarities. But in their attempt to make the home of the dead more agreeable than real life, the French have shown a degree of sensitivity and delicacy that one would find in no other people."

Another tourist, a writer and diplomat named Theodore Fay, distrusted the ostentatious display of grief at Père Lachaise. The French, he said, are a theatrical people, even in their burial customs. "Their virtues, their vices, their governments, their laws, their revolutions all have a touch of

the stage effect. Napoleon suited them and appealed to them, being himself a brilliant actor who declaimed and struck poses."

There being few hotels, many tourists took furnished flats or rooms. Landladies were as greedy then as now. "We care about money in America," one tourist wrote, "but we cannot bring ourselves to be nice to people simply because they have it. I am not saying the French are hypocritical—they really like you if you have a heavy purse and frankly detest you if you don't."

In those pre-Haussmann days, many tourists found Paris already beautifully laid out. They were all struck by the vivacity of street life—peddlars, tarts, food vendors, honest and dishonest folk mixed into a colorful crowd that communicated its excitement to the tourists. Or to most tourists: Some killjoys found Parisian frivolity immoral.

While a Mrs. Kirkland thought London much more substantial than Paris, most of the American tourists preferred Paris despite its numerous and delightful moral defects.

Like today, waiters had sudden attacks of deafness and the displays of fruits and vegetables in outdoor markets were tempting and luscious. If many modern tourist haunts did not yet exist, there were other distractions now happily vanished: visits to the debtors' prison on the Rue de Clichy, bear fights, public executions by guillotine.

Among more conventional pleasures, the theater of the time was especially rich. In 1834, 128 plays by 140 playwrights were produced in Paris. Since there were only 23 theaters, often two or three plays a day would be presented, one after the other.

The great actors of the period—Talma, Lemaitre, Mlle. Mars, Rachel—are still remembered in French theater history. Each star had his or her clique with a leader that behaved like an orchestra conductor, telling his troupe when to sob, applaud or scream with fright at a pistol shot. It was great fun though not always great theater. A visitor called Isaac Appleton Jewett went to "Hamlet" and found that the prince had been made too French. All Hamlet's mystery was gone, Jewett declared, and he had been transformed into a man of reason. He was no longer the melancholy Dane, Jewett said, but Monsieur Hamlet of the Comédie Française.



A Paris street urchin of the 19th century, as portrayed by George Whiting Flagg.

TRAVEL

THE FREQUENT TRAVELER

Learning to Fly Can Be Sound Business Sense

by Roger Collis

RICHARD Noble, the fastest man on Earth (he holds the world land-speed record of 633,468 miles an hour), is hoping to achieve a new record of sorts in the air with his latest brainchild, a light aircraft—the ARV Super 2. It has a top speed of around 100 mph and he claims it will almost halve the cost of flying a small single-engine plane.

The Super 2 made its formal debut at Heathrow on July 21 when the chairman of Britain's Civil Aviation Authority handed over the certificate of airworthiness. It was the first time in 40 years that both a new British-designed airframe and aero-engine had been certified for this type of plane.

At around \$39,000 it costs no more than a mid-range Porsche. A comparable plane, the Cessna 172, costs around \$70,000. It costs about \$33 an hour to run, compared with about \$50 for a Cessna, has superior performance, can take off and land on a 427-foot (130-meter) grass strip and by all accounts is a peach to fly.

The trouble with private flying has been that few people can afford it. You should learn in your 20s when your reactions are sharp, but most people have to wait until they're at least 30 before they have enough disposable income," Noble says. "By the time you're 40, it's almost too late to learn in the full sense, like having an instrument rating. And if you don't fly regularly you feel unsafe, which is why many people drop out."

Noble learned to fly as part of his training for the land-speed record. His sponsors, who had put \$3 million into the car, which was powered by a 35,000-horsepower Rolls-Royce jet engine, would not let him race otherwise. "The requirements are fairly similar to that of a test pilot, you've got to be able to read instruments quickly and think your way logically out of a problem," Noble says. "So we decided on a mix of instrument flying and aerobatics. I got hooked on flying—I really love it—but I realized I couldn't afford it in real life. Flying was becoming more and more expensive and elitist."

One reason for this is that the U.S. manufacturers, notably Cessna and Piper, which have dominated the light aircraft market since the end of World War II, have not been updating their technology, which is at least 20 years old. The United States produced a huge number of two-seat, single-engine planes for recreation and training (43,000 were sold between 1950 and 1985, 70 percent in the United States). But according to an industry source, "they delivered 17,000 new planes in 1978; this year we can expect maybe 1,700." To blame is the recession, decisions to move to corporate and business planes and the prohibitive cost of product liability insurance in the Great Land of Litigation.

"We formed a company [ARV Aviation] one month after the land-speed record with no money at all," Noble says. "Three months later, we had a team and the concept of the Super 2 and saw an immediate demand for 10,000 planes." Noble raised the money

from merchant banks and private investors. The Super 2 is in production, and Noble claims to have orders worth around \$1.5 million, many to flying schools.

Operating your own plane can also involve entrepreneurial skills. For example, do you buy a plane new or secondhand? (Unlike cars, planes go on virtually for ever, as bits wear out you replace them.) It is important to pick the right plane for your particular use. Unless you're planning to fly more than 100 hours a year, you may be better off renting a plane at your local flying club. But this depends on whether you want to fly for business or pleasure or both. Interest on capital, depreciation, operating costs and the tax angle are factors to consider. If your accountant can justify part of your flying for business, your private flying may not cost you very much.

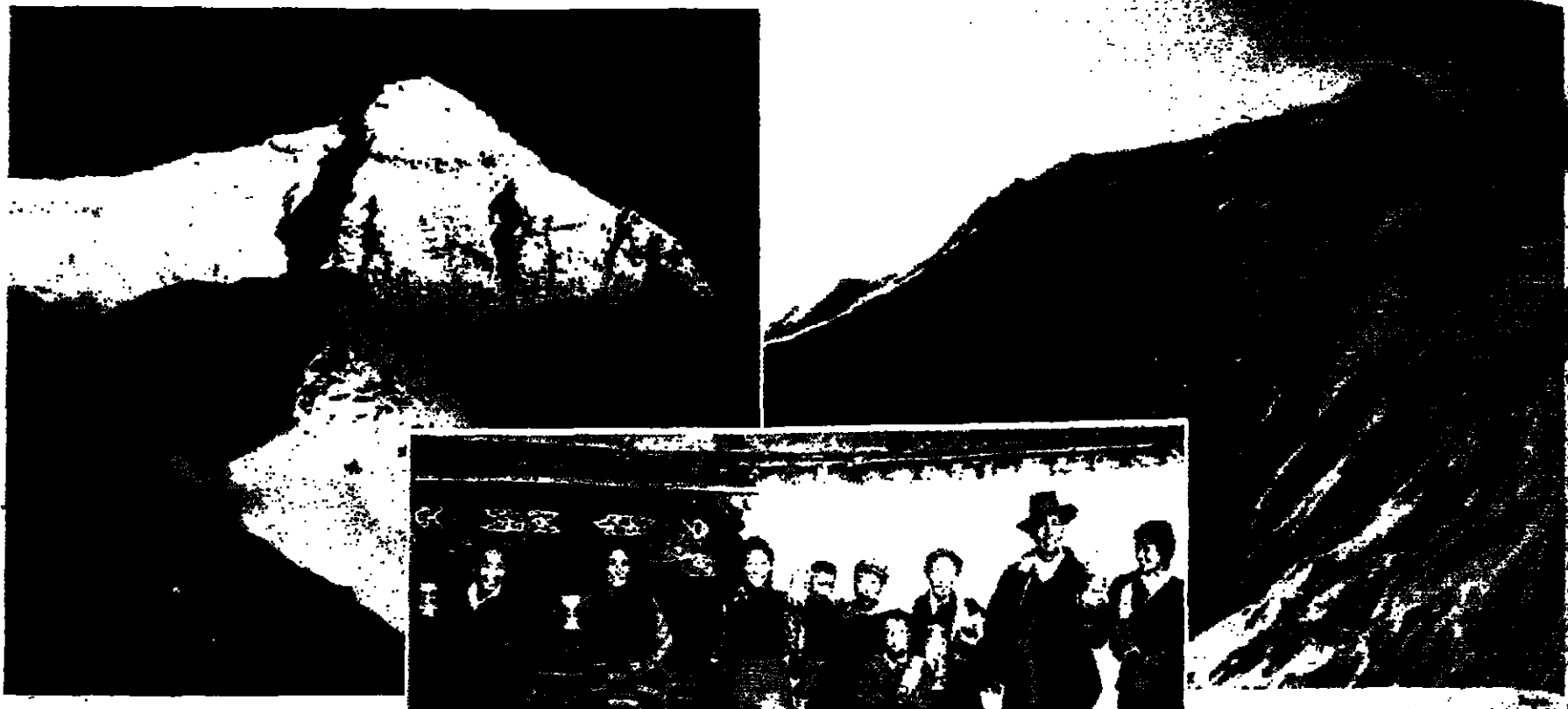
But at the end of the day, the cost of flying is worth whatever you say it is; how you value your time and the convenience of being able to land at any one of 2,000 airports in Europe. To fly a plane like the Super 2, you will need a basic pilot's license for visual flying in a single-engine plane outside cloud and controlled air space. This is likely to take you about 40 hours, which at \$120 an hour, with an instructor, will cost around \$5,000. Many recreational fliers stop here.

Single-engine planes make most sense for recreation, although some people use them for business as well. But if you plan to fly regularly on business or pleasure outside your own country, it is best to consider a twin-engine plane with all-weather navigation and de-icing equipment.

Christopher Orlebar, a British Airways Concorde pilot who owns a half share in a single-engine Piper Cherokee, says: "Let's face it, planes are very reliable. But you've still got that one engine. It's not very comfortable to be in a cloud on one engine. If you break out of the bottom, you probably haven't got time to pick yourself a good landing spot in an emergency."

Dr. Michael Joy, a London cardiologist, relies on more than a wing and a prayer when he takes his twin-engine Beechcraft Baron on trips to the Continent. Joy has a full instrument rating and his plane is equipped with sophisticated all-weather equipment. Nevertheless, he prefers to take a co-pilot to share the workload—steering around storms and dealing with clearances. Joy reckons the plane, which he bought secondhand for \$45,000—a new plane is about \$300,000—costs about \$15,000 a year in fixed costs and \$82 an hour to fly.

One way to make money out of your plane is to buy a corporate jet, such as a Cessna Citation. IDS Aviation, based at Heathrow, manages and charters planes for owners. The managing director, Ian Sutherland, says: "Citations go out at \$940 an hour. The owner gets about 400 hours of charter a year, which earns him about \$350,000. After he's paid operating costs, maintenance and our management fee, he nets about \$30,000-40,000 and is flying virtually for free. We have one owner who flies himself, but he usually takes a co-pilot with him."



By Mary Anne Fitzgerald

XIZANG — Lha gyalo, lha gyalo." The cry was enfeebled by lack of oxygen but nevertheless enthusiastic. We were thanking the gods for having made it to the top of a 15,700-foot pass.

A turquoise lake was tucked onto the valley floor below. Beyond loomed a snow-capped range of dark, bruised peaks. We were in the Xizang autonomous region (Tibet), no longer forbidden but still forbidding.

Once this Himalayan fastness was so unattainable that it must have been the most talked of and least visited place in the world. For centuries its tundra plateaus and sharp teeth mountain ranges, that sprawl over an area almost the size of Western Europe, were off limits to outsiders. The Buddhist monks who ran the country believed that Western attitudes would undermine the medieval structure of the social and political hierarchy and prompt a questioning of the theocratic rule of the Dalai Lama.

Since 1980 an increasing number of mountaineering groups have been allowed to visit Xizang to tackle some of the 60 peaks strung along the chain of mountains that straddle the 800-mile border with Nepal. Our party consisted of 14 people, varying in age from 22 to 68, and a landing of guides from England, the Chinese Mountaineering Association and Xizang itself. Our destination was Mount Everest, where we intended to camp at the foot of the North Face.

None of us were mountaineers, and only a few of us were accustomed to trekking. But we had all been required to furnish a doctor's certificate of good health before being included on the four-week odyssey.

In terms of creature comforts, the reward for the heavy financial outlay was nil. The Tibetan countryside is not geared for tourism. En route to Everest we were housed in spartan military barracks first at Xigaze, the home of the Panchen Lama, and then in the 17th century fortress town of Shekar. Water flowed cold from a handpump in the courtyard. Other plumbing facilities consisted of a row of holes in the ground.



Mary Anne Fitzgerald

Under Everest

While visitors may think they have found the travellers' ultimate holy grail, the political reality is that they are in the Xizang Autonomous Region of the People's Republic of China. After the Chinese invasion, the Dalai Lama, a living buddha, and the country's spiritual and temporal leader, went into exile in India in 1959.

During the Cultural Revolution, monasteries were closed and all but three of the 3,800 holy sites were destroyed. Over the past six years Buddhism has been allowed a minor resurgence. In Lhasa, pilgrims flock in the hundreds to prostrate themselves on the polished flagstones and kiss the jewel-encrusted images in the candlelit shrines of the Jokhang, a four-story, golden-roofed temple that is a focal point for Xizang's bedrock faith.

Nearby is the Potala, a fairy-tale palace that used to be the seat of the country's theocratic government and the home of the Dalai Lama. Monks will show you to his four-room eyrie atop the 13-story building. As we shuffled past banks of Buddhas lit by flickering yak butter candles, the monks whispered with tears in their eyes, "The Dalai Lama will pray daily for his return."

To the south of Lhasa, the only area open to foreign travellers, life takes on the appearance of a medieval tapestry.

Nomads from the Jang Thang, the pastures to the north, trek two months to barter their salt and yak butter for the barley grown in the valleys. The wild-haired men wear high, yak-felt

boots and carry silver daggers at their waist. But the women are a giggling sunburst of color, in brightly striped aprons with turquoise-studded hair that cascades below their waists. They file through the valleys against the backdrop of Everest, at 29,028 feet, the world's highest point. On this leg of the trip, altitude sickness had to be watched carefully. While Lhasa stands at 12,000 feet, the valleys that thread their way along the ranges are a dizzying 15,000 feet. Acclimatization takes about two weeks; until then there is a tendency to feel lightheaded, which is aggravated if you overexert yourself. Diamox, which can be obtained on prescription, is highly recommended to keep altitude sickness at bay.

Our base camp on Everest, near a deserted monastery once inhabited by 20 lamas, was a mere 16,500 feet and predated the Rongbuk glacier. The party pitched two-man tents and slept in sleeping bags on thin mattresses. "While providing insulation and protection from the ground, you may need to wear your spare clothes," our briefing paper said. It was an understatement.

I confess that I felt utterly miserable there, except for those times when actually climbing the mountain. The exceptionally cold temperatures made it imperative to wear thermal underwear and good quality, warm mountaineering clothes. I kept my stocking cap on the entire time. Up to 70 percent of your body heat can be lost at night if your head is not covered.

Climbers are urged to wear industrial face masks while traveling. But in fact, a cloth or handkerchief across the mouth is sufficient to keep out the dust. It is important to keep your mouth and nose covered when sleeping as well as the unfiltered freezing air can quickly cause bronchitis.

Two aspects of the north face of Everest, and, left, Tibetans holding up their votive offerings of yak butter, to be made into candles for a Buddhist shrine.

The first reconnaissance on Everest's north face was made in 1921 by the Englishman, George Leigh Mallory. He saw the imprint of what appeared to be a bare human foot in the snow at 20,000 feet. The Tibetans said it belonged to Melokhang, the abominable snowman. An exceptionally able climber who was to lose his life in 1921 on a summit bid for Everest, Mallory tackled his ascents in a relaxed manner. He wore shirts and sweaters to keep out the cold. While bivouacking on minuscule ice ledges, he read "Hamlet" and "King Lear" to pass the time. Supplies included soup, biscuits, jam and chocolate but also quinine, tinned and crystallized ginger.

More than 60 years later we are heaving out of cans with our fingers, squatting on upturned food boxes in the mess tent. We held a party when a departing expedition of climbers bequeathed us a blackened ham of yak.

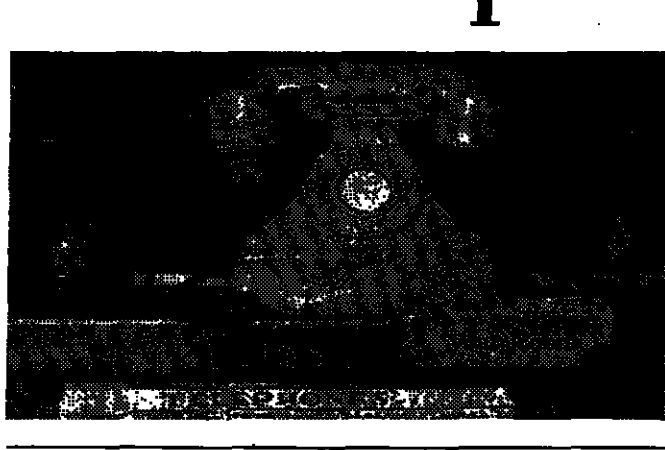
In the mornings we struggled to extricate toothbrushes from the blocks of ice in our mugs and for the most part simply languished in our tents like beached whales. But the few of us who attempted the strenuous walks up the moraine, a debris of rocks and stones deposited by the glacier, about 19,000 feet, were rewarded with the unparalleled experience of being almost in the top of the world. Only two of the party tackled the higher slopes where mountaineering expertise is needed.

Mary Anne Fitzgerald is a Nairobi-based journalist.

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Escape London Tourist Traps



by Denis Herbstein

LONDON — For too many visitors, the well-worn path of Tourist London leads from the Tower to Madame Tussaud's to Kew Gardens to the National Gallery to Harrods to a West End theater to a medieval banquet, rounded off with a slide through the fake criticism of Soho—all accompanied by long lines, expensive ice cream, testy kids and the feeling that there must be more to London than this. There surely is, for those willing to wander off the beaten track.

Here follows an idiosyncratic, and far from exhaustive list of places and activities that I have enjoyed or have penciled in for future reference, suitable for consenting adults, parents with teen-age children and the backpacking globetrotter. Some are free. Some need to be executed with care.

Take the tube to Archway and walk up the hill to Highgate western cemetery, where on the hour from 10 A.M. to 4 P.M. there are free guided tours of this wonder of Victorian England. Here lie John Archer, horse slaughterer to Queen Victoria, and Elizabeth Lilley, her midwife, as well as most of the Charles Dickens family, except the author, who is in Westminster Abbey.

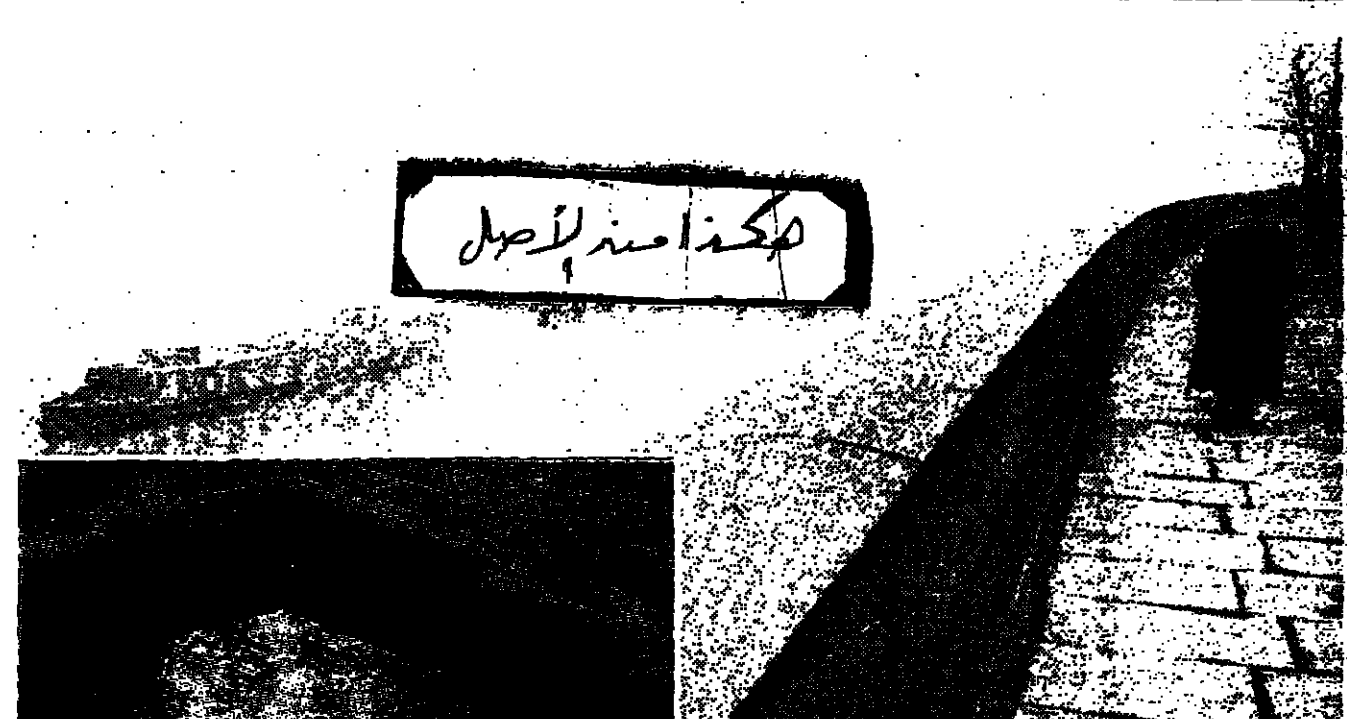
The cemetery's charm, however, is not so much the famous names as the tangled mass of forest, creeper, wildflowers and an occasional fox, in which are scattered gravestones, mausoleums, catacombs, crumbling walls and dizzy paths. Here one of the most awful scenes in "Dracula" was filmed, though these days the place is more relaxed: Our guide rested his foot on a gravestone and rolled a cigarette.

Across the road in the eastern cemetery, Chinese and East bloc dignitaries pay their respects at the grave of Karl Marx. On summer Sunday afternoons at three, music played by the Carlton Main Frickey Colliery band or the Rolls-Royce band drifts over the fence from Waterloo Park.

If you cannot abide band music, London's finest uncultivated park, Hampstead Heath, is a 10-minute walk away. Among its delights are teas at Kenwood House, and open-air symphony concerts on Saturday evenings.

For a novel way of seeing London, rent a bicycle from Dial-a-Bike (tel. 828-4040) at 18 Gillingham Street, Victoria, SW1. The London Cycling Campaign (928-7220) has information about other bike hires, the best routes and how to avoid the tail ends of large trucks. If you feel up to city centre traffic, you might even cycle to Christopher Wren's handsome St. James Church, Piccadilly, where for as little as 50 pence (75 cents) you can do a brass rubbing for that bare wall back home. The biggest, of Robert de Bures, dated 1360, is more than seven feet (two meters) tall. He costs £9 to rub (437-6023).

Families with a bent for history-made-actual should not miss the Cabinet War Rooms (Westminster tube), the network of underground offices under Whitehall where Churchill presided over the government during the worst days and nights of the Blitz. Only the smell of cigar smoke is missing. A picture of the old man shows him, jaunty cigar in mouth, lovingly cradling a Tommy-gun straight out of Capone's Chicago.



Quiet flows the Thames, and left, a sombre corner of Highgate Cemetery. Far left, a War Room Telephone.

The finest synagogue in town, architecturally, is the mid-17th-century Bevis Marks in Dukes Place, EC3, near the Liverpool Street tube station. It is only open on the Sabbath and high holidays, though the caretaker will open during the week (626-1274). Double the visit with a meal at Bloom's, London's rudest and most atmospheric Jewish eating house, in Whitechapel High Street, EC1 (247-6001). Closed during the Sabbath.

When in the East End, try a Thames-side watering hole. The Waterman's Arms (Glen Garnock Avenue, on the Isle of Dogs) even boasts vegetarian cuisine, apart from seafood and real ale. But phone to book (338-0712); Mile End tube, then taxi or bus. The Grapes (Narrow Street) has oysters, in season. (987-4396; Mile End tube, then taxi or bus). In the City, the Samuel Pepys (Brooks Wharf, Upper Thames Street, near Southwark Bridge) is pleasant and atmospheric. But find a table next to the river (248-3048, Mansion House tube).

There are guided walking tours on virtually every aspect of life and death, as with "Jack the Ripper's murders" or "a ghost walk through the haunted West End"; Shakespeare, Dickens, Sherlock Holmes and a variety of historic pubs are also featured. (London Walks, 882-2763, or Alex Cobban 0277-213704.)

One of the great pleasures of London is its music. Many churches have regular lunchtime and evening chamber concerts, in particular St. Martin-in-the-Fields, Trafalgar Square, (839-1930) and St. John's, Smith Square, SW1 (tube St. James's or Westminster, 222-1061). The Wigmore Hall, Wigmore Street (925-2141; Oxford Circus or Bond Street tube) has music every night, as well as Sunday morning "coffee concerts" starting in September.

My favorite "fringe" theater—London's equivalent of off-Broadway—is the King's Head pub in Islington. One pushes through a happy drinkers into a small auditorium, where I once saw Janet Sisk and Ben Kingsley in an Athol Fugard play (Angel tube, 226-1916). Almedia Theatre (359-4404) is just up the road. And now that summer has arrived, the open-air Shakespeare and Shaw in Regent's Park are not to be missed.

Two suggestions for those who like to view things of beauty at home: the Wallace Collection, Manchester Square, W1 (Bond Street tube, 0687) and the Dulwich Picture Gallery and Mausoleum, with Rembrandt in its eclectic collection. (College Road, 693-5254; Rail from Victoria to West Dulwich every half hour.)

Further information from the British Tourist Authority's new Travel centre, 12 Regent Street, W1 (Piccadilly tube, 730-3400), or in "Time Out" and "City Limits" weekly magazines.

Denis Herbstein is a London-based journalist.

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TRAVEL

Handwritten text in a box: "Kosovo"

SHOPPING

Artistic Marketing in Yugoslavia

By Ruth E. Gruber

Yugoslavia — The two elaborate headresses bent over a crowded table; wild hair, hanging lank and loose... framed their hawklike eyes...

of these, the markets in Kosovo, the southern province along the Albanian border where most of the population is Albanian...

Many people, especially the women, still wear traditional folk costumes as a matter of course and the sight can be dazzling...

Pec, an ancient town of twisting streets crossed by rivulets and lined by crumbling Turkish and medieval buildings, is famous for its carpet market...

The rugs, which local people use in their homes and also as prayer rugs in the mosques, come in all sizes...

Market day in Prizren, an ancient town of town roofs and minarets sprawled on a side 10 miles from Yugoslavia's border with Albania...

horses stood tethered by the dozen in a "parking" lot. Livestock milled and the dust. The spicy odor of sausages...

Yugoslavia, smack on historic East-West routes, long straddled the frontier between Europe and the Ottoman Empire...

Most Yugoslav towns have an open market, or pijaca, where peasants sell fruit, vegetables, cheese and sometimes other goods...

an particularly food of the markets in the mainly Moslem areas of the south — and



Ruth E. Gruber



Above, a shop in Pec selling Albanian caps; left, a woman in traditional dress resting at Prizren; right, a spice stall.

Ohrid — a gorgeous old town on lake Ohrid — and Tetovo. Tetovo is the site of a "whirling dervish" mosque and is the only place I have ever seen leeches for sale (live) in a pharmacy.

Don't look for fancy restaurants, but try some of the local specialties served in scores of privately-run grill shops. Here for less than \$2 you can get a mountain of grilled meat patties (cevapici or cufta)...

Some of the grill shops also serve vegetable and meat stews, stuffed zucchini, peppers and tomatoes and chicken. Especially tasty is rotisserie chicken with a yogurt and hot pepper sauce served in Prizren...

Ruth E. Gruber was a correspondent in Yugoslavia from 1978-1981. She has traveled widely throughout the country, most recently on a 1600-mile trip through remote parts of the interior.



Ruth E. Gruber

Bali

Continued from page 7

attribute to the mighty powers of Bali. An extraordinary spectacle is routine in Bali. From India, who visited centuries ago...



Villagers carrying their instruments home after a dance that takes place at the full moon.

If anything, tourism has pumped more life into the Balinese cultural Renaissance that began earlier this century. Although the vast majority of wood carvings, paintings and "antiques" passed off on visitors is strictly mass-produced souvenir stuff...

The creativity of the Balinese has found renewed vigor and new outlets. Demand for colorful, lightweight clothing by the colonies of young people who plant their bodies on its beaches each year has given rise to a blossoming fashion industry...

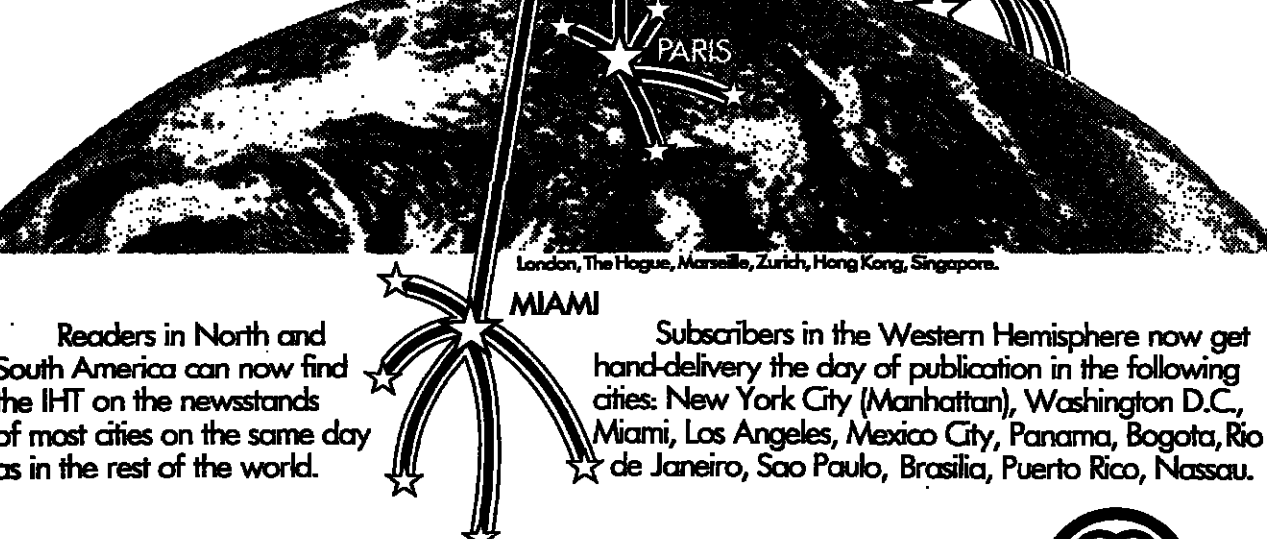
The village of Ubud was charming but in need of a facelift when I first visited. When the palace was renovated in 1979, many temples of the local prince in

and housing compounds were also repaired and cleaned up and the village has begun looking like an idyll, the way poetic painters would have you believe it should. Ponds of drifting lotus pads dress up the gates of the Saraswati temple...

Paul Zach is a Singapore-based journalist. His book, "Indonesia, Paradise on the Equator," is scheduled to be published in September.

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TECHNOLOGY
Steel's Smokestack Image Gets a High-Tech Gloss

By BARNABY J. FEDER
New York Times Service
NEW YORK — LTV Corp.'s collapse into bankruptcy proceedings last week reinforced steel's image as an old product of the smokestack era that is steadily being ground to plastics, synthetic fibers and lighter metals.

Big Steel has been slow even when the advantages of new technology are undisputed.
The firepower of new technology — high-temperature lasers, sensor optics and so forth applied to anything as simple as steel and steel — there is instantly plenty of room for change. LTV's woes at the fact that many of America's largest steelmakers are pressed for the cash they need to catch up at a time when demand makes major investments risky.

Nevertheless, American steelmakers, which must spend at least \$100 million to install one continuous caster in a conventional steel mill, are just getting to the point where their output is continuously cast. Meanwhile, the method is used for about 90 percent of Japan's output.

American steelmakers have their hands full simply trying to keep up with the pace of change. They are also pursuing new technology, for instance, Warrenton Steel and USS, a division of the major USX Corp., are scheduled to start the U.S. Department of Energy will help finance tests of a process of making the molten iron that goes into steel.

Another area of rapid development involves the removal of sulfur from molten steel, such as sulfur, and the addition of minerals to give it qualities needed in particular applications as added strength, flexibility, corrosion resistance or better tolerance.

American steelmakers are following the overseas lead in metallurgy, in which steel is siphoned from melting into separate ladles so that processing can take place under easily controlled conditions without tying up furnaces. They are also working on casting technologies that

Bank Leu Branch is Realigned

Unit Implicated in Levine Case

By Peter Conrad

ZURICH — Bank Leu AG of Switzerland said Thursday that it had replaced the management and board of its Bahamas subsidiary, which was implicated in the U.S. insider-trading case involving a former Wall Street merger specialist, Dennis B. Levine.

In a brief statement, Bank Leu said that officers of the Nassau-based subsidiary, Bank Leu International Ltd., had been working "in disregard of instructions" from the parent in Zurich.

Bank Leu also denied that it had broken Swiss banking-secrecy laws by cooperating with U.S. authorities investigating the case.

Hans Knopfli, chairman of Bank Leu's management board, said that the subsidiary's five-member board had been dissolved and that he had stepped down as chairman of the subsidiary board. He said that he would remain in his post at the parent.

Mr. Knopfli said that the shake-up was an attempt to make a fresh start after the Levine affair, one of the largest U.S. cases involving alleged trading in shares based on privileged information.

Meanwhile in New York, the insider-trading investigation widened with the subpoena of a Harvard Business School student who formerly worked for Lazard Freres & Co.

Mr. Levine, 33, a former managing director of Drexel Burnham Lambert, pleaded guilty June 5 in New York to four federal counts of securities fraud, perjury and tax evasion. He publicly admitted only one specific illegal trading transaction: a 1984 purchase of Jewel Co. stock that he knew would soon be the subject of a takeover bid and on which he later made a profit of \$1.2 million.

In a civil lawsuit filed in May, the Securities and Exchange Commission accused Mr. Levine of netting \$12.6 million during five years

See BANK LEU, Page 15

Japan's Egg King Reigns in U.S.

Acquisitions, Marketing Spell Success for Ise

By Kathleen Teltsch

LAKEWOOD, New Jersey — Hikobu Ise is known in his homeland of Japan as the egg king, and he has a rightful claim to the title in the United States as well.

With 14 million chickens laying eggs for 100 markets east of the Mississippi River, Ise America already is, according to the U.S. Department of Agriculture, the largest egg producer in the United States. Now Mr. Ise's company is determined to grow even larger with the help of an aggressive acquisition program and the introduction within a few weeks of its own brand name on a new transparent egg carton.

The see-through cellophane carton — slated to appear soon in supermarkets in New Jersey and New York — is aimed at eliminating complaints from customers that eggs they take home often are cracked, leaking and glued to the box.

The cartons, which for the first time will bear the imprint of Ise Farms and a new slogan, "the Honest Egg," could well be the forerunner of a strategy to make Ise a household name.

Most eggs in the United States are marketed under supermarket chain labels or through local brand names. Ise America, for instance, packages its eggs under the names of its supermarket customers as well as those of its subsidiaries.

If Ise America is to grow, however, it will have to do so through its own devices. Consumer health concerns have put a decided dent in the egg market as per-capita consumption in the United States has fallen since 1980.

Mr. Ise responds to fears that eggs contribute to an unhealthy high cholesterol level with a disclaimer of an impeccably tailored shoulder.

"I eat at least four eggs every day, I like them fried or in omelets and my cholesterol level is fine," said the 55-year-old executive during one of his frequent trips to Lakewood to visit Seaboard Foods, a subsidiary of Ise America.



Hikobu Ise, head of Ise America egg producers.

Mr. Ise speaks no English and leans for translation on Kikuo Uryuzama, his son-in-law, a graduate of the Indiana Institute of Technology and vice president of Ise America.

Although convinced that a high-egg diet poses no health hazard, Mr. Ise nonetheless supports research into the possibility of producing an egg with a lowered fat content by changing the diet of the chicken. The research in Japan and in the United States has not led to a breakthrough, and he expects that real progress is at least two years off.

Meanwhile, Ise America is counting on superior quality to induce U.S. consumers to pay a slightly higher price. Mr. Uryuzama said that Ise products were better because the company used its own feed and rushed eggs to market.

"The eggs laid this morning are packed this afternoon and you can buy them tomorrow," he said.

Ise America has 1,000 employees, almost all Americans. Only five members of the headquarters staff of 45 here are Japanese. And the company car is a Buick.

Immediately inside the entranceway at the company's complex in Lakewood is a large painting of two hens eyeing each other. It clearly bears no relation to the famed Ise art collection in Japan of renowned French Impressionists. Mr. Ise established the collection in a handsomely converted hatchery at his birthplace, Fukuokotawon, in western Japan.

A warehouse complex is being built in northern New Jersey. Other holdings are in Virginia, Pennsylvania, South Carolina, Indiana, Maryland and in Ohio, where its largest hatcheries, feed mills and egg processing plant are located. Ise America also is scouting the California market for an acquisition that would

See EGGS, Page 15

ICC Bars Merger Of Santa Fe and Southern Pacific

H. Josef Hebert

The Associated Press

WASHINGTON — The Interstate Commerce Commission, rejecting its staff's recommendation, voted 4-1 Thursday to block the proposed merger of the Santa Fe and Southern Pacific railroads into what would have been the third-largest U.S. rail system.

The proposal, which has been before the ICC for more than two and a half years, had been strongly criticized by competing railroads and the Justice Department.

The decision annulled executives of Santa Fe Southern Pacific Corp., the holding company formed in December 1983 as part of the merger plan, which was then valued at \$5.2 billion. The company must now divest itself of one of the railroads or come up with a plan that could pass ICC scrutiny.

John J. Schmidt, chairman of the holding company, called the decision "a horrible mistake," adding, "We're going to have to sell something off." But he said "this is not doomsday" and insisted that both rail lines can survive by cutting costs.

In May, however, Mr. Schmidt and other holding company executives told the ICC that both railroads might be forced into bankruptcy if the merger were not approved.

The decision also surprised rail industry experts. The ICC last rejected a major rail merger in the late 1960s.

While the commission said Thursday that combining the railroads might be in the public interest, it said the "substantial adverse effect" on competition in some parts of the country outweighed any benefits. The ICC staff estimated that the merger could save shippers \$200 million a year because of increased efficiency.

Since 1983, all Southern Pacific Railroad stock has been put in a separate voting trust, pending ICC action on the merger. The ICC had no jurisdiction over the corporate marriage, but by federal law must approve the combining of railroads.

The Santa Fe and the Southern Pacific, whose tracks run along the

West Coast and across the Southwest to the Mississippi River, have long stretches of parallel track, especially in central California and from the Los Angeles area to El Paso, Texas.

Donald Shaw, the ICC's acting director of the rail section, said the staff had concluded that any competition problems could be solved by requiring railroads to be given track rights or other arrangements. But the ICC members, with the exception of the chairman, Heather Gradison, did not agree.

Santa Fe Southern shares fell \$2.675 to \$27.675 in active trading Thursday on the New York Stock Exchange.

Ford Profit Tops \$1 Billion in Quarter, a First

The Associated Press

DETROIT — Ford Motor Co., the No. 2 U.S. automaker, said Thursday that its second-quarter net was \$1.08 billion, up 54 percent from \$699 million in the 1985 period. It was Ford's first billion-dollar quarter.

Per-share profit came to \$4.02, up from \$2.50 a year earlier. Revenue rose more than 25 percent, to \$17.3 billion from \$13.8 billion.

The showing contrasts with those of No. 1 General Motors Corp., which reported a 16-percent drop in second-quarter profit, and Chrysler Corp., whose net fell 18 percent.

Like them, Ford cited the costs of retooling factories for new vehicles and expensive sales-incentive campaigns. But Ford said it had record income from foreign operations, up 44 percent from a year earlier to \$286 million. Foreign earnings were 25 percent of net income.

Ford's first-half net rose 20 percent to \$1.8 billion, from \$1.5 billion in the 1985 period. Revenue rose 18.5 percent to \$32 billion from \$27 billion.

Currency Rates

Table with columns for currency, rate, and date (July 24). Includes entries for DM, SF, Lira, etc.

World Bank, Europe in other European centers. New York rates at 4 P.M. (D) Amounts needed to buy one pound (L) Amounts needed to buy one U.S. dollar (Y) Units of 100,000 M.G. not quoted. N.A., not available. Source: Reuters and AP.

Table with columns for bank, rate, and date (July 24). Includes entries for Citicorp, Chase, etc.

Source: Bankers (Brussels); Banca Commerciale Italiana (Milan); Banque Paribas (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAH (Bahar, rivis, dirham). *Clear date from Reuters and AP.

Interest Rates

Table with columns for currency, rate, and date (July 24). Includes entries for U.S., Swiss, French, etc.

Source: Reuters, Dow, AP, Penned, FI; Lloyds Bank (ECU); Reuters. *Minimum to network deposits of \$1 million minimum for each institution.

Table with columns for bank, rate, and date (July 24). Includes entries for Citicorp, Chase, etc.

Source: Reuters.

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Source: Reuters.

German Group Sees Dollar Falling to 2 DM

By Warren Getler

International Herald Tribune

FRANKFURT — The value of the U.S. dollar will drop to 2 Deutsche marks in coming months, from current levels of around 2.12 DM, setting the stage for a major currency realignment in the European Monetary System before the year's end, predicted the president of West Germany's leading economic-research institute.

Karl Heinrich Oppenlander, president of the influential IFO Economic Research Institute in Munich, said Thursday that an IFO report to be released next week assumes that West German industry "will need to set its investment plans at a rate of 2 DM for the time being."

The last time that the dollar fell to 2 DM, seen as a pain-threshold for much of West Germany's export-dependent industry, was Dec. 11, 1980.

Under the system of flexible exchange rates introduced in the early 1970s, the dollar's all-time low against the mark came on Jan. 3, 1978, when it dipped to 1.71 DM. The government of Chancellor Helmut Schmidt sharply criticized the United States at the time for allowing its currency drop to such a low level.

The IFO report, Mr. Oppenlander said, emphasizes that further depreciation of the dollar would hurt West German exports and put upward pressure on the mark against European currencies within the EMS.

"Without naming the other currencies that may have to be revalued against the mark, the report says that an EMS currency realignment in the second half of this year is foreseeable," Mr. Oppenlander said. He said that IFO had revised its 1986 growth projection for West Germany down to 2.5 to 3 percent, from early forecasts of around 3.5 percent.

Mr. Oppenlander's analysis — coming a day after the U.S. Federal Reserve chairman, Paul A. Volcker, gave his semiannual report to Congress — echoes that of a number of European economists and currency analysts who see the dollar sliding to 2 DM before summer's end.

Since its high of 3.47 DM posted in February 1985, the dollar has fallen almost 40 percent against the mark.

Continuing weak U.S. economic data and a perception that U.S. officials are promoting — or at least tolerating — a further dollar decline will fuel a steady drop in the U.S. currency's value against the mark in coming weeks, currency analysts predict.

"In the next two or three months the dollar is going to test 2 DM," said Andrew Hornig, vice president and head of international research at Citibank NA in London, "but the dollar's going to be resistant at 2 DM."

"To sustain the dollar at sub-2-DM levels," he said, "you would need more disappointing data showing the U.S. economy still looks weak and a perception in the market that Mr. Volcker is willing to cut the discount rate unilaterally."

In testimony before the Senate banking committee Wednesday, Mr. Volcker underscored the dangers of using discount-rate reductions to manipulate the dollar's exchange rate. However, he added that the Fed was prepared to unilaterally trim its discount rate if it were viewed as an "appropriate" way to right the domestic economy.

Volcker's comments seem to have cooled-off expectations of a U.S. rate cut," Mr. Hornig said.

Norbert Walter, senior economist at the Kiel Institute for World Economy, said that the failure of Bonn and Tokyo to follow the Fed's lead in cutting rates — and thus narrow the interest-rate differential that attracts foreign capital — will result in a fairly rapid appreciation of the mark and the yen against the dollar.

Both the Bundesbank and the Bank of Tokyo declined to cut their rates after the Fed had trimmed its discount rate a half point, to 6 percent, earlier this month.

Mexico Seeking \$6-Billion Loan

Washington Post Service

NEW YORK — Mexico's finance minister, Gustavo Petricoli, has told leading commercial banks that his nation needs \$12 billion in new loans to get through 1987, and asked them to supply half of it.

The money will help Mexico avoid a deepening of its current recession and "allow us to resume moderate but sustained growth in 1987," he told a meeting of bankers here Wednesday night. The group already holds 80 percent of Mexico's \$97.6-billion debt, the second largest in the developing world.

Mr. Petricoli, who took over as finance minister last month, suggested to the banks that lowering interest rates might be an "intelligent recognition of the fact that the debtor needs real relief in order to service its debt regularly."

Advertisement for American Express Bank. Text includes: 'Growth opportunities worldwide', 'PRIVATE BANKING RE-DEFINED', 'At American Express Bank we believe that yesterday's concept of "private banking" no longer meets the needs of today's complex world.', 'Your personal advisor', 'Exclusive services', 'American Express Bank Ltd. is a wholly-owned subsidiary of American Express Company, which has assets of more than US\$70 billion and shareholders' equity in excess of US\$5 billion.'

Thursday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Open	Close	Chg.
115	75	AAAI								
115	75	AAAI								
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U.S. Futures

Via The Associated Press

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CURRENCY MARKETS

Dollar Unchanged in Quiet Trading

NEW YORK — The dollar ended unchanged Thursday... The dollar reacted little to comments on Thursday by the U.S. commerce secretary, Malcolm Baldrige...

London Dollar Rates

Table with columns: Currency, Bid, Ask, Bid, Ask. Includes Deutsche mark, French franc, Swiss franc, etc.

Economists said Mr. Volcker's main message seemed to be that the Fed has done all it can for now to boost the U.S. economy...

M-1 Declines By \$1 Billion

NEW YORK — The narrowest measure of U.S. money supply — the M-1 — fell \$1 billion to a seasonally adjusted \$673.1 billion in the week that ended July 14, the Federal Reserve said Thursday...

BANK LEU: After Levine Case, Nassau Unit Realigned

(Continued from first finance page) In 54 such investments through Bank Leu International... A former vice president of the subsidiary who handled Mr. Levine's account, Bernard Meier, has been accused of making \$152,000 in illegal profits from the same transactions...

EGGS: Japanese Success in U.S.

(Continued from first finance page) In Japan, the company is developing the production of food supplements and health foods. The diversification, Mr. Ise said, was urged on him by Isaac Shapiro, his Japanese-speaking attorney who is a former president of the Japan Society in New York...

U.S. Investigation Widens

Earlier, Robert J. Cole of The New York Times reported on New York... The Levine case broadened Wednesday with the subpoena of a former employee of Lazard Freres & Co., one of the most active U.S. advisers in the takeover business...

Alan Kaufman, a former assistant U.S. attorney...

Alan Kaufman, a former assistant U.S. attorney who is Mr. Cocca's lawyer, said: "All that's happened is that Mr. Cocca received a subpoena a few days ago to produce documents. No one in the government has informed me he's under investigation..."

Company Results

Large table of company financial results including Imperial Chemical Ind., Cie des M&S, Suzuki Motor, Yamaha Motor, etc. Columns include Revenue, Net Inc., and Per Share.

TEEL: Technology Blues

(Continued from first finance page) Knopff said that two other men at the Bahamas branch had been implicated: a former managing director, Jean-Pierre Frayse, and the general manager, Bruno Pletscher...

Thursday's OTC Prices

Table of OTC prices for various stocks, including columns for High, Low, and Change.

Main table of stock prices for various companies, organized in columns with headers for High, Low, and Change.

SPORTS

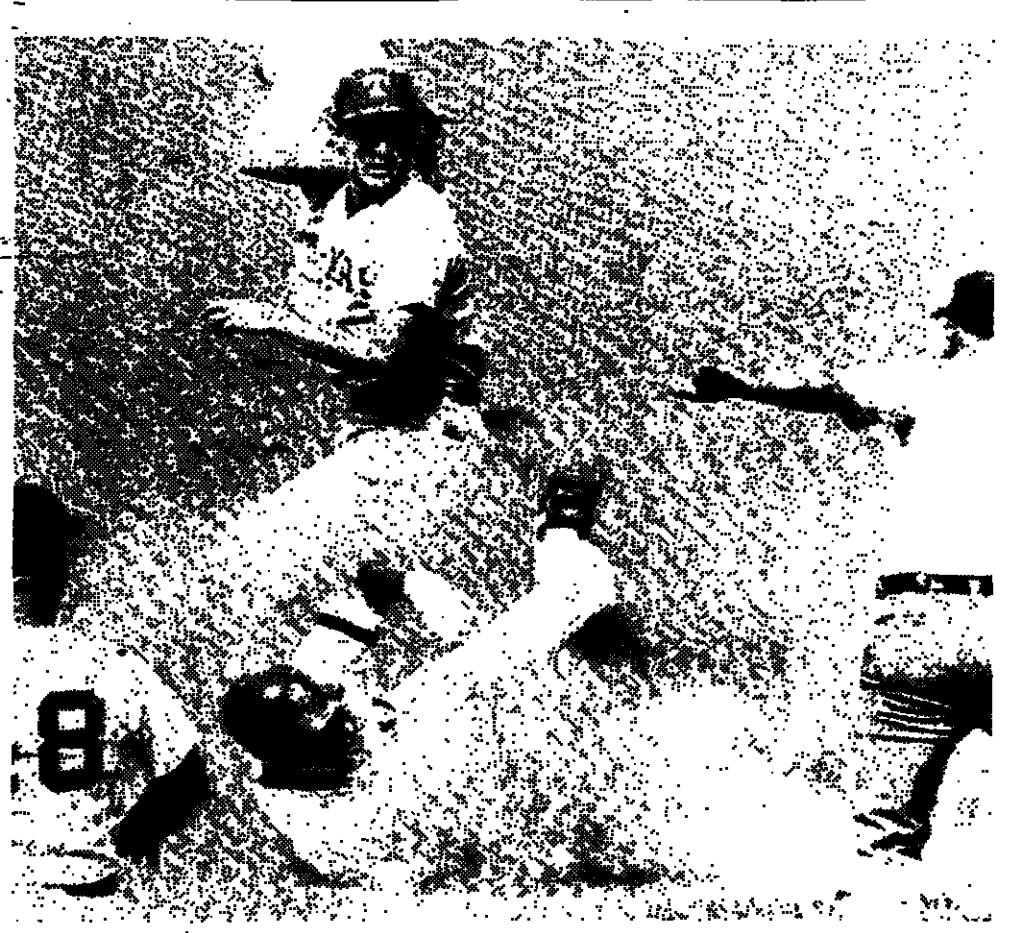
Yankees Close Ground on Slumping Red Sox

YORK — A continent away, the Boston Red Sox... Yankees pulled out a slightly bizzarre 3-2 victory over catcher Ron Hassey, who is not noted for his out on a two-out, bases-loaded infield hit in the 10th...

That's what happens when you get in these things. You have to play your way through them. Winner Dave Stewart allowed five hits over eight innings. He struck out six and walked one in helping Oakland to its fourth straight victory and its eighth in nine games.

BASEBALL ROUNDUP

Angels 3, Brewers 2: In Anaheim, California, Brian Downing led off the 10th with a home run that ended California's three-game losing streak and moved the Angels 3 1/2 games ahead of Texas in the Western Division. Winner Kirk McCaskill posted his eighth complete game of the year and matched his career high with 12 strikeouts.



Umpire Rich Garcia gave the safe sign as New York Yankee Ron Hassey, hearing Ranger first baseman Pete O'Brien, slid in with the game-winning hit in Wednesday's 10th inning.

Prices of Yearling Thoroughbreds Lower the Boom

Andrew Beyer... After a downturn and glamour in thoroughbreds came to be a solid investment on a bid and real estate, the ring industry's bubble burst.

yearling last summer. Considering that the colt might be syndicated for \$40 million at the most, Sangster was taking 2-to-1 odds that this animal, which had not yet seen a racetrack, would grow up to be the best racehorse in the world.

editor of the industry newsletter Racing Update, "as long as they haven't paid \$300,000 for the stud fee." But the sellers of yearlings this year had been paying stud fees in 1984, when prices hit their all-time high.

SCOREBOARD

Table with columns for Cycling (Tour de France), Baseball (Wednesday Line Scores), and Boxing. Includes various race results and scores for different teams and events.

BRIDGE

opened in the upper... industry is happening... levels of the market as a recent Feag-Tipton sale, which deals with pedigree and Keene-Keene price dropped 10 percent last year.

A Modest Proposal: Play Now, Study Later

By Michael S. McPherson... WASHINGTON — Playing a big-time college sport is a full-time job, at least during the playing season. Why not recognize that fact by excusing college athletes from course work during terms when their major sport is in session?

At the same time we can agree that colleges do owe these young athletes the opportunity to earn a college degree. Fine. The fair way to do that is to give the athletes a chance to come back to school and complete their studies when they are not distracted by the pressures of national competition in their sports.

of a few rich buyers ignored a stampede of bidding to supply. More so owners sent their sales, the number of public auctions more than doubled from 1974 to 1984.

As former Duke basketball player Dick De Venzio has urged, colleges that expect their athletes to compete at the highest levels ought to permit — indeed encourage — them to return to campus to complete their studies after their sports eligibility runs out, and to do so on terms just as generous as they get while playing. In other words, a free ride.

The few who make it big are far less likely to pick up the back-to-college option. Some might enroll in the off-season (if that exists anymore in professional sports). Perhaps a few would really come back to their studies after their pro careers had ended — to the eternal delight of the publicity departments of the lucky schools they returned to.

Yoshihisa... won the World junior welterweight title on Thursday on a knockout of Mexico's aggressive fighter, and a flurry of punches sent Arredondo to the ground. The fight was a knockout by WBC rules, a split decision by the IBF, and a majority decision by the WBC's judges.

Walker Misses the Commonwealth Games Spirit

By Bert Rosenthal... EDINBURGH — New Zealander John Walker, the 1976 Olympic gold medalist at 1,500 meters, said Thursday he was dismayed at the lack of spirit and enthusiasm for the 19th Commonwealth Games.

opposite view. "I would rather run heats, and eliminate some people — the riff-raff — that way. Then, let the stronger men win." Although Walker has run faster than Overt this year — 13 minutes, 19.28 seconds, compared with 13:20.06 — he still thinks the strong runner from England has to be the favorite in the 5,000.

Tennis

Federation Cup... QUARTER-FINALS (MAIN DRAW) Czechoslovakia 3, Australia 0. Helena Sukova def. Anne Mihner, 6-4, 3-6, 6-4. Helena Mandlikova def. Wendy Turnbull, 6-1, 6-2.

Transition

BASEBALL... CHICAGO — Phaedon Lee McKeon, pitcher, on the 15-day disabled list. Assisted Jose DeLeon, pitcher, in the American Association. Purchased the contract of Terry Pearce, pitcher, from Buffalo.

BASKETBALL

National Basketball Association... SAN ANTONIO — Signed Johnny Dawkins, guard, to a four-year contract. SEATTLE — Traded Al Wood, forward, to Dallas for Dale Ellis, forward.

Boxing

The Ring magazine ratings through July 6... The Ring magazine ratings through July 6: WBA champion, Mike Tyson; WBC champion, Mike Tyson; IBF champion, Mike Tyson.

Major League Standings

Table showing Major League Standings for American League and National League, including East and West Divisions with columns for W, L, Pct., and GB.

Advertisement for IB 1735 BLANCPAIN watches. Features a large image of a watch with a moonphase calendar and the text 'A World First. The only ladies automatic moonphase calendar watch.' Includes the IB logo and contact information for Horologists.

OBSERVER

Back to Grilled Macho

By Russell Baker
NEW YORK — All right, here it is straight from the shoulder: I hate to cook out.

The reason I hate to cook out is that every time I try it everybody looks at me in disbelief and disgust and somebody always says, "You can't cook out as well as my 7-year-old son."

Notice it's always a 7-year-old son. Never a 7-year-old daughter. Know why? Because cooking out is supposed to be a macho thing to do, like playing in the Sunday softball game, which I also hate, and getting together with all the guys and several cases of beer to watch the Super Bowl, which I hate even worse than cooking out.

Who defines what is and isn't macho, anyhow? I am terrific at doing jigsaw puzzles, but the instant I start boasting about the big 2,000-piece job I whipped in just three days, other men fall silent, then change the subject to giant marlin they battled in the Gulf Stream, to great beers they drank while watching Super Bowls, to whole sides of beef they cooked out for parties of 150.

Honestly now, can anybody explain why smoking up the neighborhood with flaming beef grease is any more macho than putting together a jigsaw puzzle?

Afterward I realized that was why I enjoyed living in Manhattan all those years before the real-estate goons drove me out. In Manhattan, nobody expected you to cook out.

After those sweet New York years, I'd forgotten about the macho ritual of cooking out until, encoiled in my new rustic paradise, I found myself buying a grill, a bag of charcoal, a can of fluid for making the charcoal burn and a doomed sirloin. It was madness, of course, but there was no way out.

I had lived three months in this new place without once cooking out. Suspicion was growing. This was a neighborhood where men cooked out three times a week. It was apparently an obligation of good citizenship, like doing jury duty.

So I have confronted my manly duty. Just as in the incontinent and cookout days, before the glorious Manhattan years, the charcoal still refuses to burn and people dear to me still come outside with ques-

advice. "How soon will the steak be done?"

Observations: "You've been out here over an hour and haven't even got the charcoal lit."

Exhortations to grow up: "Don't be childish — of course the charcoal isn't trying to humiliate you. And swinish declarations of sexist dogma: "No I will not take over and cook the steak for you. Cooking out is men's work."

By the time the coals rise of having sport with me, the sun is long gone. In dark of night the meat to be cooked out is placed on the grill, and one of two things happens:

1) Flames six feet high envelop the meat, and dense smoke from the inferno pours through the house. To prevent the meat from becoming cinder, I hurl a bucket of water on the blaze. The roar of steam brings back romantic memories of great hissing locomotives in beautiful railroad stations, and I find myself thinking of Anna Karenina. And then of her lover, Count Vronsky. As macho as they come was Count Vronsky, and Count Vronsky didn't have to stand around immersed in reeking grease fumes and steam in order to charm Anna, did he?

2) Or, no flame whatever occurs. The coals have glanced up, inspected this steak and judged it too boring to cook. They lie there sizzling. The steak lies dumbly on the grill.

"Isn't the thing done yet?" How often did I hear that despairing cry before the marvelous New York years. And now I must hear it again.

How do I know it's done? It's too dark by now even to see where it is. If only there were some way to get it off the grill. But of course the long fork designed for that purpose was thrown away years ago during a fit of pique after I'd inadvertently plunged it into my thigh while falling over the empty water bucket I'd forgotten to put out of the way after making the steam.

Using an asbestos shingle as a spatula, I get the steak off the coals and into the kitchen light for inspection. Grooms of despair all around. But none from me. I am too preoccupied inventing excuses for not getting together with all the guys and several cases of beer next winter to watch the Super Bowl.

Today, and who knows how

Andrée Putman: Thinking About Style, in Style

By Patricia Leigh Brown
New York Times Service

NEW YORK — "To me, it's about thinking style," the French interior designer Andrée Putman was saying, sitting stylishly in the Putman-designed breakfast room of Morgans Hotel, super-stylishly smoking a white cigarette that matched the stylish white paint on her fingernails.

"Style has nothing to do with money," she said. "In fact, an excess of money can handicap style. It doesn't help to have so much choice. It creates amazing anxiety."

Putman is a woman who could bottle style. Until she does, she is spending her time as an internationally known interior designer. During her recent stay at Morgans, for instance, stylish little black and gray message envelopes would mysteriously appear under her hotel room door. Contained therein? "Proposals for work," she says, her deep voice the stuff of legends.

"I am amazed. I am also frightened. I am at a moment of success that is almost dangerous." Too much success, as with too much money, it appears, can create amazing anxiety.

Putman is at an interesting juncture right now. Eight years ago, she founded Ecart International, a company based in France that reproduces the furnishings of Eileen Gray, Mariano Fortuny and other classic 20th-century designers. At the same time, armed with her distinctive black, white and gray palette and such clients as the designers Yves Saint Laurent, Karl Lagerfeld and Azzedine Alaïa, she jet-propelled to fame, becoming taste maker to the French avant-garde through elegant spare interiors that she called "sweet and clean envelopes for exceptional human beings."

By the early 1980s her loft in Paris, by her count, had been photographed 25 times. The quintessence of "le style Putman," the loft is a contemporary, understated interior filled with fine art, including 1930s objects and a few, interestingly, including clothes hanging on a coat rack as part of the decor.

Today, and who knows how

many magazine features on "le style Putman" later, Putman herself has become something of a design object. In Paris, she is a fixture. "Andrée can have dinner with Michael de Guise, attend a performance by Alan Suidice and then dance the rest of the night away at Club 7," said the Paris magazine Passion. "But every morning at 9 o'clock sharp she is in her office with a pencil in one hand and a ruler in the other."

"Are you Andrée Putman?" people ask in New York, where she spends three to four months a year. Stunned, teetering on the brink between beautiful and bizarre, she is hard to miss in a crowd, dressed in her signature black and white that shows off an ever-present, stainless-steel Art Deco necklace (that was salvaged from a sidewalk).

She can seem larger than life, particularly when uttering phrases over croissants such as this: "I enjoy food like few do. But my work makes me so high that sometimes I forget to eat."

Her work includes interiors for the new women's store at Barneys New York, scheduled to open later this summer; model apartments for United Nations Plaza and Metropolitan Tower; seven bathrooms for the Michigan residence of Alfred A. Tanbaum, president of Sotheby's; hotels in Toronto and Paris, and interiors for an art museum in Rouen.

In France, there are Putman-designed plates, stationery, fabrics, sheets, rugs and tiles, and in the United States, Putman-designed furniture and jewelry are planned. "The exposure creates a lot of possibilities," she says. "It also puts a very lonely but exciting pressure on my life."

The architect Richard Meier, a fellow modernist, calls her "a great designer."

"She relates well to the modern movement," he says. "There's no corporate image — that's what's so interesting about her."

Like a handful of her colleagues, Putman is in the enviable but peculiar position of deciding popular taste. She wants to be "a terrifying aspect in massive sales," she says. "It absolutely fascinates me, but I am very cautious. For me, the real thing is interior design."

She has recently begun to think about the flip side of her popularity. "I began to get almost as if I had a magnifying glass how one could be slightly destroyed by a mass-produced image. It was like diving in ice water. It really woke me up."

Designing apartments only for the wealthy, however, does not interest her either. "The ego wars!" she says, sighing. "I prefer stinging people who say, 'No, it's too expensive,' to people who 'just give me the key and say, 'We want to be in.'"

She could happily spend the rest of her career, she says, designing public space and objects. "When I see students in the streets carrying my notebooks, I really enjoy it," she says. "I love to be involved in a program that is completely unpretentious."

Interior design came late, spurred by the breakup of her marriage. "I had to move and live alone and take care of my two children," she says. "I had no job. I was really very lost. I had the feeling I would never succeed, because I felt I would only interest 10 people in my work."

"In the depth of a personal catastrophe," the designer says, "either you build something, or you die."



Andrée Putman, the designer, in the living room of her model apartment in New York.

Putman came by her own avant-garde credentials honestly. Raised on Paris's Left Bank, she describes her parents as "eccentric black sheep of very conservative families."

Her mother, a pianist, played Schumann in the nursery to her children; her father was a translator of Shakespearean plays.

She spent childhood summers at the Abbaye de Fontenay, a 12th-century abbey owned by her family in Burgundy. Later, in Paris, having decided not to pursue a career in music, she got a job as a design editor for the French art magazine L'Œuvre.

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PEOPLE

Geldof, Gerty Receive Honorary Knighthoods

Queen Elizabeth II confers honorary knighthoods Thursday on Bob Geldof, 33, the Irish singer who raised \$100 million for Africa's famine relief, and J. Paul Getty 53, the American billionaire oil baron for giving money away, in a ceremony at Buckingham Palace.

The Queen placed the insignia of the Knight Commander of the British Empire (KBE) around Geldof's neck and said: "This is a great honor for the work you have done. Believe me, it was harder to get you into this suit, but you're very nice," the queen replied. Getty has rarely been seen in public since 1981, and said Wednesday that he had given £50,000 as a charity that helps with AIDS.

Minister Jacques Chirac named Egyptian-born British businessman Mohammed al-Fayed 57 a knight in the Legion of Honour Thursday. Al-Fayed is the Ritz Hotel in Paris and Harrods department store in London, spent seven years and \$10 million renovating the Ritz, according to a hotel spokesman.

Britain's Prince Andrew and bride, the former Sarah Ferguson spent their wedding night on the royal yacht Britannia, beginning a five-day honeymoon on the Portuguese Azores island.

The couple, now Duke and Duchess of York, taken to the royal yacht, sailed at Praia da Victoria, after they arrived Wednesday night by plane from the U.S. Portuguese singer Lajane on Terceira island. They put to sea shortly after.

The editor of a Soviet journal was quoted as saying "I'm trying to publish a novel by Russian late emigrant author Mir Nabokov in the Soviet Union for what is believed to be the first time. Mikhail Alexeyev, editor of the journal Moskva, told the weekly Literaturnaya Gazeta that the idea was among forthcoming publishing projects that he is high time to return Nabokov to our reader." An article by the Soviet "Luzhnik" (Luzhnik) was quoted as saying "Luzhnik's 'fense' made public."

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